

TWENTY NINTH DAY

House Chamber, Olympia, Friday, June 26, 2015

The House was called to order at 10:00 a.m. by the Speaker (Representative Kilduff presiding). The Clerk called the roll and a quorum was present.

The flags were escorted to the rostrum by a Sergeant at Arms Color Guard, Robert Jones and Trever Czarnecki. The Speaker (Representative Kilduff presiding) led the Chamber in the Pledge of Allegiance. The prayer was offered by Representative Matt Shea, 4th District Washington.

Reading of the Journal of the previous day was dispensed with and it was ordered to stand approved.

MESSAGES FROM THE SENATE

June 25, 2015

MR. SPEAKER:

The Senate has passed:

THIRD ENGROSSED SUBSTITUTE SENATE BILL NO. 5857
and the same are herewith transmitted.

Hunter G. Goodman, Secretary

June 25, 2015

MR. SPEAKER:

The Senate has passed:

SECOND ENGROSSED SECOND SUBSTITUTE HOUSE BILL
NO. 1272

SECOND ENGROSSED SECOND SUBSTITUTE HOUSE BILL
NO. 1276

ENGROSSED HOUSE BILL NO. 2122

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2160

ENGROSSED HOUSE BILL NO. 2253

and the same are herewith transmitted.

Hunter G. Goodman, Secretary

The Speaker (Representative Kilduff presiding) called upon Representative Moeller to preside.

RESOLUTION

HOUSE RESOLUTION NO. 4646, by Representatives Klippert, Buys, Calder, Chandler, Condotta, DeBolt, Dent, Dye, Griffey, Haler, Hargrove, Harmsworth, Harris, Hawkins, Hayes, Holy, G. Hunt, Johnson, Kochmar, Kretz, Kristiansen, MacEwen, Magendanz, Manweller, McCabe, McCaslin, Muri, Nealey, Orcutt, Parker, Pike, Rodne, Schmick, Scott, Shea, Short, Smith, Stambaugh, Stokesbary, Taylor, Van Werven, Vick, Walsh, Wilcox, Wilson, Young, and Zeiger

WHEREAS, Rick Silva was born August 4th, 1954, in Tacoma, Washington and graduated from Timberline High School in Olympia, Washington; and

WHEREAS, Rick Silva served his community honorably as a deputy in Lewis County for 12 years and a police officer in Chehalis for 13 years, totaling 25 years of law enforcement service to the citizens of this state and his community; and

WHEREAS, Officer Rick Silva died after complications in surgery on June 18th, 2015, pursuant to an injury he acquired while on duty; and

WHEREAS, Officer Rick Silva will be missed dearly by his brothers and sisters in the law enforcement family, and his spirit of service will continue through the lives he impacted as well as those he touched throughout the community; and

WHEREAS, Officer Rick Silva was not only a loving son and brother but also a devoted husband to his wife Cindy for more than 31 years and an adoring father and grandfather to his children and grandchildren;

NOW, THEREFORE, BE IT RESOLVED, That the Washington State House of Representatives express its deepest condolences to the family, friends, colleagues, and community that have lost Officer Rick Silva; and

BE IT FURTHER RESOLVED, That the House of Representatives join the people of the State of Washington in commending, saluting, and honoring Officer Rick Silva for his exemplary and exceptional service; and

BE IT FURTHER RESOLVED, That the House of Representatives express profound appreciation and enduring gratitude to the brave men and women that protect our state every day as law enforcement officers; and

BE IT FURTHER RESOLVED, That copies of this resolution be immediately transmitted by the Chief Clerk of the House of Representatives to the surviving family members of Officer Rick Silva, Chehalis Police Chief Glenn Schaffer, and Lewis County Sheriff Robert R. Snaza.

The Speaker (Representative Moeller presiding) stated the question before the House to be adoption of House Resolution No. 4646.

HOUSE RESOLUTION NO. 4646 was adopted.

SPEAKER'S PRIVILEGE

The Speaker (Representative Moeller presiding) asked the chamber to join him in a moment of silence in remembrance of Officer Rick Silva.

There being no objection, the House advanced to the fourth order of business.

INTRODUCTION & FIRST READING

HB 2273 by Representatives Buys, Blake, Johnson and Haler

AN ACT Relating to developing a preemptive plan to guide the state's response to any potential outbreak of highly pathogenic avian influenza; creating a new section; and providing an expiration date.

Referred to Committee on Agriculture & Natural Resources.

There being no objection, the bill listed on the day's introduction sheet under the fourth order of business was referred to the committee so designated.

There being no objection, the House advanced to the seventh order of business.

THIRD READING

There being no objection, the rules were suspended, and ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2136 was returned to second reading for the purpose of amendment.

There being no objection, the House reverted to the sixth order of business.

SECOND READING

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2136, by House Committee on Appropriations (originally sponsored by Representative Carlyle)

Relating to comprehensive marijuana market reforms to ensure a well-regulated and taxed marijuana market in Washington state. Revised for 2nd Substitute: Concerning comprehensive marijuana market reforms to ensure a well-regulated and taxed marijuana market in Washington state.

The bill was read the second time.

With the consent of the house, amendments (522), (524), (530) and (531) were withdrawn.

Representative Carlyle moved the adoption of amendment (532):

Strike everything after the enacting clause and insert the following:

"PART I

Intent and Tax Preference Performance Statement

NEW SECTION. Sec. 101. (1)(a) The legislature finds the implementation of Initiative Measure No. 502 has established a clearly disadvantaged regulated legal market with respect to prices and the ability to compete with the unregulated medical dispensary market and the illicit market. The legislature further finds that it is crucial that the state continues to ensure a safe, highly regulated system in Washington that protects valuable state revenues while continuing efforts towards disbanding the unregulated marijuana markets. The legislature further finds that ongoing evaluation on the impact of meaningful marijuana tax reform for the purpose of stabilizing revenues is crucial to the overall effort of protecting the citizens and resources of this state. The legislature further finds that a partnership with local jurisdictions in this effort is imperative to the success of the legislature's policy objective. The legislature further finds that sharing revenues to promote a successful partnership in achieving the legislature's intent should be transparent and hold local jurisdictions accountable for their use of state shared revenues. Therefore, the legislature intends to reform the current tax structure for the regulated legal marijuana system to create price parity with the large medical and illicit markets with the specific objective of increasing the market share of the legal and highly regulated marijuana market. The legislature further intends to share marijuana tax revenues with local jurisdictions for

public safety purposes and to facilitate the ongoing process of ensuring a safe regulated marijuana market in all communities across the state.

(b) The legislature further finds marijuana use for qualifying patients is a valid and necessary option health care professionals may recommend for their patients. The legislature further finds that while recognizing the difference between recreational and medical use of marijuana, it is also imperative to distinguish that the authorization for medical use of marijuana is different from a valid prescription provided by a doctor to a patient. The legislature further finds the authorization for medical use of marijuana is unlike over-the-counter medications that require no oversight by a health care professional. The legislature further finds that due to the unique characterization of authorizations for the medical use of marijuana, the policy of providing a tax preference benefit for patients using an authorization should in no way be construed as precedent for changes in the treatment of prescription medications or over-the-counter medications. Therefore, the legislature intends to provide qualifying patients and their designated providers a retail sales and use tax exemption on marijuana purchased or obtained for medical use when authorized by a health care professional.

(2)(a) This subsection is the tax preference performance statement for the retail sales and use tax exemption for marijuana purchased or obtained by qualifying patients or their designated providers provided in sections 207(1) and 208(1) of this act. The performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(b) The legislature categorizes the tax preference as one intended to accomplish the general purposes indicated in RCW 82.32.808(2)(e).

(c) It is the legislature's specific public policy objective to provide qualifying patients and their designated providers a retail sales and use tax exemption on marijuana purchased or obtained for medical use when authorized by a health care professional.

(d) To measure the effectiveness of the exemption provided in this act in achieving the specific public policy objective described in (c) of this subsection, the department of revenue must provide the necessary data and assistance to the state liquor and cannabis board for the report required in RCW 69.50.535.

PART II

Marijuana Excise Tax, Exemptions, and Distribution of Revenues

Sec. 201. RCW 69.50.334 and 2013 c 3 s 7 are each amended to read as follows:

(1) The action, order, or decision of the state liquor ((control) and cannabis board as to any denial of an application for the reissuance of a license to produce, process, or sell marijuana, or as to any revocation, suspension, or modification of any license to produce, process, or sell marijuana, ((shall)) or as to the administrative review of a notice of unpaid trust fund taxes under section 202 of this act, must be an adjudicative proceeding and subject to the applicable provisions of chapter 34.05 RCW.

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

((2)) (3) An opportunity for a hearing must be provided to a licensee prior to a revocation or modification of any license and, except as provided in subsection (((4))) (6) of this section, prior to the suspension of any license.

~~((3))~~ (4) An opportunity for a hearing must be provided to any person issued a notice of unpaid trust fund taxes under section 202 of this act.

(5) No hearing ~~((shall))~~ may be required under this section until demanded by the applicant ~~((of))~~ licensee, or person issued a notice of unpaid trust fund taxes under section 202 of this act.

~~((4))~~ (6) The state liquor ~~((control))~~ and cannabis board may summarily suspend a license for a period of up to one hundred eighty days without a prior hearing if it finds that public health, safety, or welfare imperatively require emergency action, and it incorporates a finding to that effect in its order. Proceedings for revocation or other action must be promptly instituted and determined. An administrative law judge may extend the summary suspension period for up to one calendar year from the first day of the initial summary suspension in the event the proceedings for revocation or other action cannot be completed during the initial one hundred eighty-day period due to actions by the licensee. The state liquor ~~((control))~~ and cannabis board's enforcement division shall complete a preliminary staff investigation of the violation before requesting an emergency suspension by the state liquor ~~((control))~~ and cannabis board.

NEW SECTION. Sec. 202. A new section is added to chapter 69.50 RCW under the subchapter heading "article V" to read as follows:

(1) Whenever the board determines that a limited liability business entity has collected trust fund taxes and has failed to remit those taxes to the board and that business entity has been terminated, dissolved, or abandoned, or is insolvent, the board may pursue collection of the entity's unpaid trust fund taxes, including penalties on those taxes, against any or all of the responsible individuals. For purposes of this subsection, "insolvent" means the condition that results when the sum of the entity's debts exceeds the fair market value of its assets. The board may presume that an entity is insolvent if the entity refuses to disclose to the board the nature of its assets and liabilities.

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

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

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

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

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

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

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

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

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

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

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

(d) "Limited liability business entity" means a type of business entity that generally shields its owners from personal liability for the debts, obligations, and liabilities of the entity, or a business entity that is managed or owned in whole or in part by an entity that generally shields its owners from personal liability for the debts, obligations, and liabilities of the entity. Limited liability business entities include corporations, limited liability companies, limited liability partnerships, trusts, general partnerships and joint ventures in which one or more of the partners or parties are also limited liability business entities, and limited partnerships in which one or more of the general partners are also limited liability business entities.

(e) "Manager" has the same meaning as in RCW 25.15.005.

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

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

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

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

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

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

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

Sec. 203. RCW 69.50.357 and 2015 c 70 s 12 are each amended to read as follows:

(1) Retail outlets ~~((shall sell no))~~ may not sell products or services other than marijuana concentrates, useable marijuana, marijuana-infused products, or paraphernalia intended for the storage or use of marijuana concentrates, useable marijuana, or marijuana-infused products.

(2) Licensed marijuana retailers ~~((shall))~~ may not employ persons under twenty-one years of age or allow persons under twenty-one years of age to enter or remain on the premises of a retail outlet. However, qualifying patients between eighteen and twenty-one years of age with a recognition card may enter and remain on the premises of a retail outlet holding a medical marijuana endorsement and may purchase products for their personal medical use. Qualifying patients who are under the age of eighteen with a recognition card and who accompany their designated providers may enter and remain on the premises of a retail outlet holding a medical marijuana endorsement, but may not purchase products for their personal medical use.

(3)(a) Licensed marijuana retailers must ensure that all employees are trained on the rules adopted to implement this chapter, identification of persons under the age of twenty-one, and other requirements adopted by the state liquor and cannabis board to ensure that persons under the age of twenty-one are not permitted to enter or remain on the premises of a retail outlet.

(b) Licensed marijuana retailers with a medical marijuana endorsement must ensure that all employees are trained on the subjects required by (a) of this subsection as well as identification of authorizations and recognition cards. Employees must also be trained to permit qualifying patients who hold recognition cards and are between the ages of eighteen and twenty-one to enter the premises and purchase marijuana for their personal medical use and to permit qualifying patients who are under the age of eighteen with a recognition card to enter the premises if accompanied by their designated providers.

(4) Licensed marijuana retailers ~~((shall))~~ may not display any signage ~~((in a window, on a door, or on the outside of the premises of a retail outlet that is visible to the general public from a public right of way, other than a single sign no larger than one thousand six hundred square inches identifying the retail outlet by the licensee's business or trade name. Retail outlets that hold medical marijuana endorsements may include this information on signage.~~

~~((5))~~ Licensed marijuana retailers shall not display marijuana concentrates, useable marijuana, or marijuana-infused products in a manner that is visible to the general public from a public right of way.

~~((6))~~ outside of the licensed premises, other than two signs identifying the retail outlet by the licensee's business or trade name. Each sign must be no larger than one thousand six hundred square inches, be permanently affixed to a building or other structure, and be posted not less than one thousand feet from any elementary school, secondary school, or playground.

(5) No licensed marijuana retailer or employee of a retail outlet ~~((shall))~~ may open or consume, or allow to be opened or consumed, any marijuana concentrates, useable marijuana, or marijuana-infused product on the outlet premises.

~~((7))~~ (6) The state liquor and cannabis board ~~((shall))~~ must fine a licensee one thousand dollars for each violation of any subsection of this section. Fines collected under this section must be deposited into the dedicated marijuana ~~((fund))~~ account created under RCW 69.50.530.

Sec. 204. RCW 69.50.369 and 2013 c 3 s 18 are each amended to read as follows:

(1) No licensed marijuana producer, processor, researcher, or retailer ~~((shall))~~ may place or maintain, or cause to be placed or maintained, an advertisement of marijuana, useable marijuana, marijuana concentrates, or a marijuana-infused product in any form or through any medium whatsoever:

(a) Within one thousand feet of the perimeter of a school grounds, playground, recreation center or facility, child care center, public park, or library, or any game arcade admission to which is not restricted to persons aged twenty-one years or older;

(b) On or in a public transit vehicle or public transit shelter; or

(c) On or in a publicly owned or operated property.

(2) Merchandising within a retail outlet is not advertising for the purposes of this section.

(3) This section does not apply to a noncommercial message.

(4) The state liquor ~~((control))~~ and cannabis board ~~((shall))~~ must fine a licensee one thousand dollars for each violation of subsection (1) of this section. Fines collected under this subsection must be deposited into the dedicated marijuana ~~((fund))~~ account created under RCW 69.50.530.

Sec. 205. RCW 69.50.535 and 2014 c 192 s 7 are each amended to read as follows:

~~((1))~~ ~~((There is levied and collected a marijuana excise tax equal to twenty five percent of the selling price on each wholesale sale in this state of marijuana by a licensed marijuana producer to a licensed marijuana processor or another licensed marijuana producer. This tax is the obligation of the licensed marijuana producer.~~

~~((2))~~ ~~((There is levied and collected a marijuana excise tax equal to twenty five percent of the selling price on each wholesale sale in this state of marijuana concentrates, useable marijuana, and marijuana-infused products by a licensed marijuana processor to a licensed marijuana retailer. This tax is the obligation of the licensed marijuana processor.~~

~~((3))~~ (a) There is levied and collected a marijuana excise tax equal to ~~((twenty five))~~ thirty-seven percent of the selling price on each retail sale in this state of marijuana concentrates, useable marijuana, and marijuana-infused products. This tax is ~~((the obligation of the licensed marijuana retailer, is))~~ separate and in addition to general state and local sales and use taxes that apply to retail sales of tangible personal property, and is not part of the total retail price to which general state and local sales and use taxes apply. The tax must be separately itemized from the state and local retail sales tax on the sales receipt provided to the buyer.

(b) The tax levied in this section must be reflected in the price list or quoted shelf price in the licensed marijuana retail store and in any advertising that includes prices for all useable marijuana, marijuana concentrates, or marijuana-infused products.

~~((4))~~ (2) All revenues collected from the marijuana excise ~~((taxes))~~ tax imposed under ~~((subsections (1) through (3) of))~~ this section ~~((shall))~~ must be deposited each day in ~~((a depository approved by the state treasurer and transferred to the state treasurer to be credited to))~~ the dedicated marijuana ~~((fund))~~ account.

~~((5))~~ (3) The ~~((state liquor control board shall))~~ tax imposed in this section must be paid by the buyer to the seller. Each seller must collect from the buyer the full amount of the tax payable on each taxable sale. The tax collected as required by this section is deemed to be held in trust by the seller until paid to the board. If any seller fails to collect the tax imposed in this section or, having collected the tax, fails to pay it as prescribed by the board, whether such failure is the result of the seller's own acts or the result of acts or conditions beyond the seller's control, the seller is, nevertheless, personally liable to the state for the amount of the tax.

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

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

(b) "Retail sale" has the same meaning as in RCW 82.08.010.

(c) "Selling price" has the same meaning as in RCW 82.08.010, except that when product is sold under circumstances where the total amount of consideration paid for the product is not indicative of its true value, "selling price" means the true value of the product sold.

(d) "Product" means marijuana, marijuana concentrates, useable marijuana, and marijuana-infused products.

(e) "True value" means market value based on sales at comparable locations in this state of the same or similar product of like quality and character sold under comparable conditions of sale

to comparable purchasers. However, in the absence of such sales of the same or similar product, true value means the value of the product sold as determined by all of the seller's direct and indirect costs attributable to the product.

(5)(a) The board must regularly review the tax level(s) established under this section and make recommendations, in consultation with the department of revenue, to the legislature as appropriate regarding adjustments that would further the goal of discouraging use while undercutting illegal market prices.

(b) The state liquor and cannabis board must report, in compliance with RCW 43.01.036, to the appropriate committees of the legislature every two years. The report at a minimum must include the following:

(i) The specific recommendations required under (a) of this subsection;

(ii) A comparison of gross sales and tax collections prior to and after any marijuana tax change;

(iii) The increase or decrease in the volume of legal marijuana sold prior to and after any marijuana tax change;

(iv) Increases or decreases in the number of licensed marijuana producers, processors, and retailers;

(v) The number of illegal and noncompliant marijuana outlets the board requires to be closed;

(vi) Gross marijuana sales and tax collections in Oregon; and

(vii) The total amount of reported sales and use taxes exempted for qualifying patients. The department of revenue must provide the data of exempt amounts to the board.

(c) The board is not required to report to the legislature as required in (b) of this subsection after January 1, 2025.

(6) The legislature does not intend and does not authorize any person or entity to engage in activities or to conspire to engage in activities that would constitute per se violations of state and federal antitrust laws including, but not limited to, agreements among retailers as to the selling price of any goods sold.

Sec. 206. RCW 69.50.540 and 2013 c 3 s 28 are each amended to read as follows:

~~((All marijuana excise taxes collected from sales of marijuana, useable marijuana, and marijuana infused products under RCW 69.50.535, and the license fees, penalties, and forfeitures derived under chapter 3, Laws of 2013 from marijuana producer, marijuana processor, and marijuana retailer licenses shall every three months be disbursed by the state liquor control board as follows:~~

~~((+)) The legislature must annually appropriate moneys in the dedicated marijuana account created in RCW 69.50.530 as follows:~~

~~(1) For the purposes listed in this subsection (1), the legislature must appropriate to the respective agencies amounts sufficient to make the following expenditures on a quarterly basis:~~

~~(a) Beginning July 1, 2015, one hundred twenty-five thousand dollars to the department of social and health services to design and administer the Washington state healthy youth survey, analyze the collected data, and produce reports, in collaboration with the office of the superintendent of public instruction, department of health, department of commerce, family policy council, and state liquor ((control)) and cannabis board. The survey ((shall)) must be conducted at least every two years and include questions regarding, but not necessarily limited to, academic achievement, age at time of substance use initiation, antisocial behavior of friends, attitudes toward antisocial behavior, attitudes toward substance use, laws and community norms regarding antisocial behavior, family conflict, family management, parental attitudes toward substance use, peer rewarding of antisocial behavior, perceived risk of substance use, and rebelliousness. Funds disbursed under this subsection may be used to expand administration of the healthy youth survey to student populations attending institutions of higher education in Washington;~~

~~((2)) (b) Beginning July 1, 2015, fifty thousand dollars to the department of social and health services for the purpose of contracting with the Washington state institute for public policy to conduct the cost-benefit evaluation and produce the reports described in RCW 69.50.550. This appropriation ((shall)) end after production of the final report required by RCW 69.50.550;~~

~~((3)) (c) Beginning July 1, 2015, five thousand dollars to the University of Washington alcohol and drug abuse institute for the creation, maintenance, and timely updating of web-based public education materials providing medically and scientifically accurate information about the health and safety risks posed by marijuana use;~~

~~((4)) (d) An amount not ((exceeding)) less than one million two hundred fifty thousand dollars to the state liquor ((control board as is necessary for administration of chapter 3, Laws of 2013;~~

~~(5) Of the funds remaining after the disbursements identified in subsections (1) through (4) of this section)) and cannabis board for administration of this chapter as appropriated in the omnibus appropriations act;~~

~~(e) Twenty-three thousand seven hundred fifty dollars to the department of enterprise services provided solely for the state building code council established under RCW 19.27.070, to develop and adopt fire and building code provisions related to marijuana processing and extraction facilities. The distribution under this subsection (1)(e) is for fiscal year 2016 only;~~

~~(2) From the amounts in the dedicated marijuana account after appropriation of the amounts identified in subsection (1) of this section, the legislature must appropriate for the purposes listed in this subsection (2) as follows:~~

~~(a) ((Fifteen percent)) (i) Up to fifteen percent to the department of social and health services division of behavioral health and recovery for ((implementation and maintenance)) the development, implementation, maintenance, and evaluation of programs and practices aimed at the prevention or reduction of maladaptive substance use, substance-use disorder, substance abuse or substance dependence, as these terms are defined in the Diagnostic and Statistical Manual of Mental Disorders, among middle school and high school age students, whether as an explicit goal of a given program or practice or as a consistently corresponding effect of its implementation, mental health services for children and youth, and services for pregnant and parenting women; PROVIDED, That:~~

~~((+)) (A) Of the funds ((disbursed)) appropriated under (a)(i) of this subsection for new programs and new services, at least eighty-five percent must be directed to evidence-based ((and cost-beneficial)) or research-based programs and practices that produce objectively measurable results and, by September 1, 2020, are cost-beneficial; and~~

~~((+)) (B) Up to fifteen percent of the funds ((disbursed)) appropriated under (a)(i) of this subsection for new programs and new services may be directed to ((research-based and)) proven and tested practices, emerging best practices, or promising practices.~~

~~(ii) In deciding which programs and practices to fund, the secretary of the department of social and health services ((shall)) must consult, at least annually, with the University of Washington's social development research group and the University of Washington's alcohol and drug abuse institute.~~

~~(iii) For the fiscal year beginning July 1, 2016, and each subsequent fiscal year, the legislature must appropriate a minimum of twenty-five million five hundred thirty-six thousand dollars under this subsection (2)(a);~~

~~(b) ((Ten percent)) (i) Up to ten percent to the department of health for the following, subject to (b)(ii) of this subsection (2):~~

(A) Creation, implementation, operation, and management of a marijuana education and public health program that contains the following:

((#)) (I) A marijuana use public health hotline that provides referrals to substance abuse treatment providers, utilizes evidence-based or research-based public health approaches to minimizing the harms associated with marijuana use, and does not solely advocate an abstinence-only approach;

((##)) (II) A grants program for local health departments or other local community agencies that supports development and implementation of coordinated intervention strategies for the prevention and reduction of marijuana use by youth; and

((###)) (III) Media-based education campaigns across television, internet, radio, print, and out-of-home advertising, separately targeting youth and adults, that provide medically and scientifically accurate information about the health and safety risks posed by marijuana use; and

(B) The Washington poison control center.

(i) For the fiscal year beginning July 1, 2016, and each subsequent fiscal year, the legislature must appropriate a minimum of nine million seven hundred fifty thousand dollars under this subsection (2)(b);

(c)(i) Up to six-tenths of one percent to the University of Washington and four-tenths of one percent to Washington State University for research on the short and long-term effects of marijuana use, to include but not be limited to formal and informal methods for estimating and measuring intoxication and impairment, and for the dissemination of such research.

(ii) For the fiscal year beginning July 1, 2016, and each subsequent fiscal year, the legislature must appropriate a minimum of one million twenty-one thousand dollars to the University of Washington and a minimum of six hundred eighty-one thousand dollars to Washington State University under this subsection (2)(c);

(d) Fifty percent to the state basic health plan trust account to be administered by the Washington basic health plan administrator and used as provided under chapter 70.47 RCW;

(e) Five percent to the Washington state health care authority to be expended exclusively through contracts with community health centers to provide primary health and dental care services, migrant health services, and maternity health care services as provided under RCW 41.05.220;

(f)(i) Up to three-tenths of one percent to the office of the superintendent of public instruction to fund grants to building bridges programs under chapter 28A.175 RCW.

(ii) For the fiscal year beginning July 1, 2016, and each subsequent fiscal year, the legislature must appropriate a minimum of five hundred eleven thousand dollars to the office of the superintendent of public instruction under this subsection (2)(f); and

(g) ~~((The remainder to the general fund.))~~ At the end of each fiscal year, the treasurer must transfer any amounts in the dedicated marijuana account that are not appropriated pursuant to subsection (1) of this section and this subsection (2) into the general fund, except as provided in (g)(i) of this subsection (2).

(i) Beginning in fiscal year 2018, if marijuana excise tax collections deposited into the general fund in the prior fiscal year exceed twenty-five million dollars, then each fiscal year the legislature must appropriate an amount equal to thirty percent of all marijuana excise taxes deposited into the general fund the prior fiscal year to the treasurer for distribution to counties, cities, and towns as follows:

(A) Thirty percent must be distributed to counties, cities, and towns where licensed marijuana retailers are physically located. Each jurisdiction must receive a share of the revenue distribution under this subsection (2)(g)(i)(A) based on the proportional share

of the total revenues generated in the individual jurisdiction from the taxes collected under RCW 69.50.535, from licensed marijuana retailers physically located in each jurisdiction. For purposes of this subsection (2)(g)(i)(A), one hundred percent of the proportional amount attributed to a retailer physically located in a city or town must be distributed to the city or town.

(B) Seventy percent must be distributed to counties, cities, and towns ratably on a per capita basis. Counties must receive sixty percent of the distribution, which must be disbursed based on each county's total proportional population. Funds may only be distributed to jurisdictions that do not prohibit the siting of any state licensed marijuana producer, processor, or retailer.

(ii) Distribution amounts allocated to each county, city, and town must be distributed in four installments by the last day of each fiscal quarter.

(iii) By September 15th of each year, the state liquor and cannabis board must provide the state treasurer the annual distribution amount, if any, for each county and city as determined in (g)(i) of this subsection (2).

(iv) The total share of marijuana excise tax revenues distributed to counties and cities in (g)(i) of this subsection (2) may not exceed fifteen million dollars in fiscal years 2018 and 2019 and twenty million dollars per fiscal year thereafter.

For the purposes of this section, "marijuana products" means "useable marijuana," "marijuana concentrates," and "marijuana-infused products" as those terms are defined in RCW 69.50.101.

NEW SECTION. Sec. 207. A new section is added to chapter 82.08 RCW to read as follows:

(1) Beginning July 1, 2016, the tax levied by RCW 82.08.020 does not apply to:

(a) Sales of marijuana concentrates, useable marijuana, or marijuana-infused products, identified by the department of health under RCW 69.50.--- (section 10, chapter 70, Laws of 2015) to be beneficial for medical use, by marijuana retailers with medical marijuana endorsements to qualifying patients or designated providers who have been issued recognition cards;

(b) Sales of products containing THC with a THC concentration of 0.3 percent or less to qualifying patients or designated providers who have been issued recognition cards by marijuana retailers with medical marijuana endorsements;

(c) Sales of marijuana concentrates, useable marijuana, or marijuana-infused products, identified by the department of health under RCW 69.50.--- (section 10, chapter 70, Laws of 2015) to have a low THC, high CBD ratio, and to be beneficial for medical use, by marijuana retailers with medical marijuana endorsements, to any person;

(d) Sales of topical, noningestible products containing THC with a THC concentration of 0.3 percent or less by health care professionals under RCW 69.51A.--- (section 35, chapter 70, Laws of 2015);

(e)(i) Marijuana, marijuana concentrates, useable marijuana, marijuana-infused products, or products containing THC with a THC concentration of 0.3 percent or less produced by a cooperative and provided to its members; and

(ii) Any nonmonetary resources and labor contributed by an individual member of the cooperative in which the individual is a member. However, nothing in this subsection (1)(e) may be construed to exempt the individual members of a cooperative from the tax imposed in RCW 82.08.020 on any purchase of property or services contributed to the cooperative.

(2) From the effective date of this section until July 1, 2016, the tax levied by RCW 82.08.020 does not apply to sales of marijuana, marijuana concentrates, useable marijuana, marijuana-infused products, or products containing THC with a THC concentration of 0.3 percent or less, by collective gardens under

RCW 69.51A.085 to qualifying patients or designated providers, if such sales are in compliance with chapter 69.51A RCW.

(3) Each seller making exempt sales under subsection (1) or (2) of this section must maintain information establishing eligibility for the exemption in the form and manner required by the department.

(4) The department must provide a separate tax reporting line for exemption amounts claimed under this section.

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

(a) "Cooperative" means a cooperative authorized by and operating in compliance with RCW 69.51A.--- (section 26, chapter 70, Laws of 2015).

(b) "Marijuana retailer with a medical marijuana endorsement" means a marijuana retailer permitted under RCW 69.50.--- (section 10, chapter 70, Laws of 2015) to sell marijuana for medical use to qualifying patients and designated providers.

(c) "Products containing THC with a THC concentration of 0.3 percent or less" means all products containing THC with a THC concentration not exceeding 0.3 percent and that, when used as intended, are inhalable, ingestible, or absorbable.

(d) "THC concentration," "marijuana," "marijuana concentrates," "useable marijuana," "marijuana retailer," and "marijuana-infused products" have the same meanings as provided in RCW 69.50.101 and the terms "qualifying patients," "designated providers," and "recognition card" have the same meaning as provided in RCW 69.51A.010.

NEW SECTION. Sec. 208. A new section is added to chapter 82.12 RCW to read as follows:

(1) From the effective date of this section until July 1, 2016, the provisions of this chapter do not apply to the use of marijuana, marijuana concentrates, useable marijuana, marijuana-infused products, or products containing THC with a THC concentration of 0.3 percent or less, by a collective garden under RCW 69.51A.085, and the qualifying patients or designated providers participating in the collective garden, if such use is in compliance with chapter 69.51A RCW.

(2) Beginning July 1, 2016, the provisions of this chapter do not apply to:

(a) The use of marijuana concentrates, useable marijuana, or marijuana-infused products, identified by the department of health under RCW 69.50.--- (section 10, chapter 70, Laws of 2015) to be beneficial for medical use, by qualifying patients or designated providers who have been issued recognition cards and have obtained such products from a marijuana retailer with a medical marijuana endorsement.

(b) The use of products containing THC with a THC concentration of 0.3 percent or less by qualifying patients or designated providers who have been issued recognition cards and have obtained such products from a marijuana retailer with a medical marijuana endorsement.

(c)(i) Marijuana retailers with a medical marijuana endorsement with respect to:

(A) Marijuana concentrates, useable marijuana, or marijuana-infused products; or

(B) Products containing THC with a THC concentration of 0.3 percent or less;

(ii) The exemption in this subsection (2)(c) applies only if such products are provided at no charge to a qualifying patient or designated provider who has been issued a recognition card. Each such retailer providing such products at no charge must maintain information establishing eligibility for this exemption in the form and manner required by the department.

(d) The use of marijuana concentrates, useable marijuana, or marijuana-infused products, identified by the department of health under RCW 69.50.--- (section 10, chapter 70, Laws of 2015) to

have a low THC, high CBD ratio, and to be beneficial for medical use, purchased from marijuana retailers with a medical marijuana endorsement.

(e) Health care professionals with respect to the use of products containing THC with a THC concentration of 0.3 percent or less provided at no charge by the health care professionals under RCW 69.51A.--- (section 35, chapter 70, Laws of 2015). Each health care professional providing such products at no charge must maintain information establishing eligibility for this exemption in the form and manner required by the department.

(f) The use of topical, noningestible products containing THC with a THC concentration of 0.3 percent or less by qualifying patients when purchased from or provided at no charge by a health care professional under RCW 69.51A.--- (section 35, chapter 70, Laws of 2015).

(g) The use of:

(i) Marijuana, marijuana concentrates, useable marijuana, marijuana-infused products, or products containing THC with a THC concentration of 0.3 percent or less, by a cooperative and its members, when produced by the cooperative; and

(ii) Any nonmonetary resources and labor by a cooperative when contributed by its members. However, nothing in this subsection (2)(g) may be construed to exempt the individual members of a cooperative from the tax imposed in RCW 82.12.020 on the use of any property or services purchased by the member and contributed to the cooperative.

(3) The definitions in section 207 of this act apply to this section.

NEW SECTION. Sec. 209. The provisions of RCW 82.32.805 and 82.32.808(8) do not apply to the exemptions in sections 207 and 208 of this act.

NEW SECTION. Sec. 210. A new section is added to chapter 69.50 RCW to read as follows:

(1)(a) Except as provided in (b) of this subsection, a retail sale of a bundled transaction that includes marijuana product is subject to the tax imposed under RCW 69.50.535 on the entire selling price of the bundled transaction.

(b) If the selling price is attributable to products that are taxable and products that are not taxable under RCW 69.50.535, the portion of the price attributable to the nontaxable products are subject to the tax imposed by RCW 69.50.535 unless the seller can identify by reasonable and verifiable standards the portion that is not subject to tax from its books and records that are kept in the regular course of business for other purposes including, but not limited to, nontax purposes.

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

(a) "Bundled transaction" means:

(i) The retail sale of two or more products where the products are otherwise distinct and identifiable, are sold for one nonitemized price, and at least one product is a marijuana product subject to the tax under RCW 69.50.535; and

(ii) A marijuana product provided free of charge with the required purchase of another product. A marijuana product is provided free of charge if the sales price of the product purchased does not vary depending on the inclusion of the marijuana product provided free of charge.

(b) "Distinct and identifiable products" does not include packaging such as containers, boxes, sacks, bags, and bottles, or materials such as wrapping, labels, tags, and instruction guides, that accompany the retail sale of the products and are incidental or immaterial to the retail sale thereof. Examples of packaging that are incidental or immaterial include grocery sacks, shoeboxes, and dry cleaning garment bags.

(c) "Marijuana product" means "useable marijuana," "marijuana concentrates," and "marijuana-infused products" as defined in RCW 69.50.101.

(d) "Selling price" has the same meaning as in RCW 82.08.010, except that when product is sold under circumstances where the total amount of consideration paid for the product is not indicative of its true value, "selling price" means the true value of the product sold.

(e) "True value" means market value based on sales at comparable locations in this state of the same or similar product of like quality and character sold under comparable conditions of sale to comparable purchasers. However, in the absence of such sales of the same or similar product, "true value" means the value of the product sold as determined by all of the seller's direct and indirect costs attributable to the product.

NEW SECTION. Sec. 211. A new section is added to chapter 69.50 RCW to read as follows:

(1) Marijuana producers, processors, and retailers are prohibited from making sales of any marijuana or marijuana product, if the sale of the marijuana or marijuana product is conditioned upon the buyer's purchase of any service or nonmarijuana product. This subsection applies whether the buyer purchases such service or nonmarijuana product at the time of sale of the marijuana or marijuana product, or in a separate transaction.

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

(a) "Marijuana product" means "useable marijuana," "marijuana concentrates," and "marijuana-infused products," as those terms are defined in RCW 69.50.101.

(b) "Nonmarijuana product" includes paraphernalia, promotional items, lighters, bags, boxes, containers, and such other items as may be identified by the state liquor and cannabis board.

(c) "Selling price" has the same meaning as in RCW 69.50.535.

(d) "Service" includes memberships and any other services identified by the state liquor and cannabis board.

PART III

Marijuana Business: Buffers and Licensee Residency

Sec. 301. RCW 69.50.331 and 2015 c 70 s 6 are each amended to read as follows:

(1) For the purpose of considering any application for a license to produce, process, research, transport, or deliver marijuana, useable marijuana, marijuana concentrates, or marijuana-infused products subject to the regulations established under section 502 of this act, or sell marijuana, or for the renewal of a license to produce, process, research, transport, or deliver marijuana, useable marijuana, marijuana concentrates, or marijuana-infused products subject to the regulations established under section 502 of this act, or sell marijuana, the state liquor and cannabis board must conduct a comprehensive, fair, and impartial evaluation of the applications timely received.

(a) The state liquor and cannabis board must develop a competitive, merit-based application process that includes, at a minimum, the opportunity for an applicant to demonstrate experience and qualifications in the marijuana industry. The state liquor and cannabis board ~~((shall))~~ must give preference between competing applications in the licensing process to applicants that have the following experience and qualifications, in the following order of priority:

(i) First priority is given to applicants who:

(A) Applied to the state liquor and cannabis board for a marijuana retailer license prior to July 1, 2014;

(B) Operated or were employed by a collective garden before January 1, 2013;

(C) Have maintained a state business license and a municipal business license, as applicable in the relevant jurisdiction; and

(D) Have had a history of paying all applicable state taxes and fees;

(ii) Second priority ~~((shall))~~ must be given to applicants who:

(A) Operated or were employed by a collective garden before January 1, 2013;

(B) Have maintained a state business license and a municipal business license, as applicable in the relevant jurisdiction; and

(C) Have had a history of paying all applicable state taxes and fees; and

(iii) Third priority ~~((shall))~~ must be given to all other applicants who do not have the experience and qualifications identified in (a)(i) and (ii) of this subsection.

(b) The state liquor and cannabis board may cause an inspection of the premises to be made, and may inquire into all matters in connection with the construction and operation of the premises. For the purpose of reviewing any application for a license and for considering the denial, suspension, revocation, or renewal or denial thereof, of any license, the state liquor and cannabis board may consider any prior criminal conduct of the applicant including an administrative violation history record with the state liquor and cannabis board and a criminal history record information check. The state liquor and cannabis board may submit the criminal history record information check to the Washington state patrol and to the identification division of the federal bureau of investigation in order that these agencies may search their records for prior arrests and convictions of the individual or individuals who filled out the forms. The state liquor and cannabis board ~~((shall))~~ must require fingerprinting of any applicant whose criminal history record information check is submitted to the federal bureau of investigation. The provisions of RCW 9.95.240 and of chapter 9.96A RCW ~~((shall))~~ do not apply to these cases. Subject to the provisions of this section, the state liquor and cannabis board may, in its discretion, grant or deny the renewal or license applied for. Denial may be based on, without limitation, the existence of chronic illegal activity documented in objections submitted pursuant to subsections (7)(c) and (9) of this section. Authority to approve an uncontested or unopposed license may be granted by the state liquor and cannabis board to any staff member the board designates in writing. Conditions for granting this authority ~~((shall))~~ must be adopted by rule.

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

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

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

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

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

(2)(a) The state liquor and cannabis board may, in its discretion, subject to the provisions of RCW 69.50.334, suspend or cancel any license; and all protections of the licensee from criminal or civil sanctions under state law for producing, processing, researching, or selling marijuana, marijuana concentrates, useable marijuana, or marijuana-infused products thereunder ~~((shall))~~ must be suspended or terminated, as the case may be.

(b) The state liquor and cannabis board ~~((shall))~~ must immediately suspend the license of a person who has been certified pursuant to RCW 74.20A.320 by the department of social and health services as a person who is not in compliance with a support order. If the person has continued to meet all other requirements for reinstatement during the suspension, reissuance of the license ~~((shall be))~~ is automatic upon the state liquor and cannabis board's

receipt of a release issued by the department of social and health services stating that the licensee is in compliance with the order.

(c) The state liquor and cannabis board may request the appointment of administrative law judges under chapter 34.12 RCW who shall have power to administer oaths, issue subpoenas for the attendance of witnesses and the production of papers, books, accounts, documents, and testimony, examine witnesses, and to receive testimony in any inquiry, investigation, hearing, or proceeding in any part of the state, under rules and regulations the state liquor and cannabis board may adopt.

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

(e) In case of disobedience of any person to comply with the order of the state liquor and cannabis board or a subpoena issued by the state liquor and cannabis board, or any of its members, or administrative law judges, or on the refusal of a witness to testify to any matter regarding which he or she may be lawfully interrogated, the judge of the superior court of the county in which the person resides, on application of any member of the board or administrative law judge, ~~((shall))~~ compels obedience by contempt proceedings, as in the case of disobedience of the requirements of a subpoena issued from said court or a refusal to testify therein.

(3) Upon receipt of notice of the suspension or cancellation of a license, the licensee ~~((shall))~~ must forthwith deliver up the license to the state liquor and cannabis board. Where the license has been suspended only, the state liquor and cannabis board ~~((shall))~~ must return the license to the licensee at the expiration or termination of the period of suspension. The state liquor and cannabis board ~~((shall))~~ must notify all other licensees in the county where the subject licensee has its premises of the suspension or cancellation of the license; and no other licensee or employee of another licensee may allow or cause any marijuana, marijuana concentrates, useable marijuana, or marijuana-infused products to be delivered to or for any person at the premises of the subject licensee.

(4) Every license issued under this chapter ~~((3, Laws of 2013 shall be))~~ is subject to all conditions and restrictions imposed by this chapter ~~((3, Laws of 2013))~~ or by rules adopted by the state liquor and cannabis board to implement and enforce this chapter ~~((3, Laws of 2013))~~. All conditions and restrictions imposed by the state liquor and cannabis board in the issuance of an individual license ~~((shall))~~ must be listed on the face of the individual license along with the trade name, address, and expiration date.

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

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

(7)(a) Before the state liquor and cannabis board issues a new or renewed license to an applicant it ~~((shall))~~ must give notice of the application to the chief executive officer of the incorporated city or town, if the application is for a license within an incorporated city or town, or to the county legislative authority, if the application is for a license outside the boundaries of incorporated cities or towns.

(b) The incorporated city or town through the official or employee selected by it, or the county legislative authority or the official or employee selected by it, ~~((shall have))~~ has the right to file with the state liquor and cannabis board within twenty days after the date of transmittal of the notice for applications, or at least thirty days prior to the expiration date for renewals, written objections against the applicant or against the premises for which the new or renewed license is asked. The state liquor and cannabis

board may extend the time period for submitting written objections.

(c) The written objections ~~((shall))~~ must include a statement of all facts upon which the objections are based, and in case written objections are filed, the city or town or county legislative authority may request, and the state liquor and cannabis board may in its discretion hold, a hearing subject to the applicable provisions of Title 34 RCW. If the state liquor and cannabis board makes an initial decision to deny a license or renewal based on the written objections of an incorporated city or town or county legislative authority, the applicant may request a hearing subject to the applicable provisions of Title 34 RCW. If a hearing is held at the request of the applicant, state liquor and cannabis board representatives ~~((shall))~~ must present and defend the state liquor and cannabis board's initial decision to deny a license or renewal.

(d) Upon the granting of a license under this title the state liquor and cannabis board ~~((shall))~~ must send written notification to the chief executive officer of the incorporated city or town in which the license is granted, or to the county legislative authority if the license is granted outside the boundaries of incorporated cities or towns.

(8)(a) Except as provided in (b) through (d) of this subsection, the state liquor and cannabis board ((shall)) may not issue a license for any premises within one thousand feet of the perimeter of the grounds of any elementary or secondary school, playground, recreation center or facility, child care center, public park, public transit center, or library, or any game arcade admission to which is not restricted to persons aged twenty-one years or older.

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

(c) A city, county, or town may permit the licensing of research premises allowed under RCW 69.50.--- (section 1, chapter 71, Laws of 2015) within one thousand feet but not less than one hundred feet of the facilities described in (a) of this subsection by enacting an ordinance authorizing such distance reduction, provided that the ordinance will not negatively impact the jurisdiction's civil regulatory enforcement, criminal law enforcement, public safety, or public health.

(d) The state liquor and cannabis board may license premises located in compliance with the distance requirements set in an ordinance adopted under (b) or (c) of this subsection. Before issuing or renewing a research license for premises within one thousand feet but not less than one hundred feet of an elementary school, secondary school, or playground in compliance with an ordinance passed pursuant to (c) of this subsection, the board must ensure that the facility:

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

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

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

(9) In determining whether to grant or deny a license or renewal of any license, the state liquor and cannabis board ~~((shall))~~ must give substantial weight to objections from an incorporated city or town or county legislative authority based upon chronic illegal activity associated with the applicant's operations of the premises proposed to be licensed or the applicant's operation of any other licensed premises, or the conduct of the applicant's patrons inside or outside the licensed premises. "Chronic illegal

activity" means (a) a pervasive pattern of activity that threatens the public health, safety, and welfare of the city, town, or county including, but not limited to, open container violations, assaults, disturbances, disorderly conduct, or other criminal law violations, or as documented in crime statistics, police reports, emergency medical response data, calls for service, field data, or similar records of a law enforcement agency for the city, town, county, or any other municipal corporation or any state agency; or (b) an unreasonably high number of citations for violations of RCW 46.61.502 associated with the applicant's or licensee's operation of any licensed premises as indicated by the reported statements given to law enforcement upon arrest.

PART IV

Consumption of Marijuana in a Public Place

Sec. 401. RCW 69.50.445 and 2013 c 3 s 21 are each amended to read as follows:

(1) It is unlawful to open a package containing marijuana, useable marijuana, ~~((or a))~~ marijuana-infused products, or marijuana concentrates, or consume marijuana, useable marijuana, ~~((or a))~~ marijuana-infused products, or marijuana concentrates, in view of the general public or in a public place.

(2) For the purposes of this section, "public place" has the same meaning as defined in RCW 66.04.010, but the exclusions in RCW 66.04.011 do not apply.

(3) A person who violates this section is guilty of a class 3 civil infraction under chapter 7.80 RCW.

PART V

Transportation of Marijuana Products

NEW SECTION. Sec. 501. A new section is added to chapter 69.50 RCW to read as follows:

(1) A licensed marijuana producer, marijuana processor, marijuana researcher, or marijuana retailer, or their employees, in accordance with the requirements of this chapter and the administrative rules adopted thereunder, may use the services of a common carrier subject to regulation under chapters 81.28 and 81.29 RCW and licensed in compliance with the regulations established under section 502 of this act, to physically transport or deliver marijuana, useable marijuana, marijuana concentrates, and marijuana-infused products between licensed marijuana businesses located within the state.

(2) An employee of a common carrier engaged in marijuana-related transportation or delivery services authorized under subsection (1) of this section is prohibited from carrying or using a firearm during the course of providing such services, unless:

(a) Pursuant to section 502 of this act, the state liquor and cannabis board explicitly authorizes the carrying or use of firearms by such employee while engaged in the transportation or delivery services;

(b) The employee has an armed private security guard license issued pursuant to RCW 18.170.040; and

(c) The employee is in full compliance with the regulations established by the state liquor and cannabis board under section 502 of this act.

(3) A common carrier licensed under section 502 of this act may, for the purpose of transporting and delivering marijuana, useable marijuana, marijuana concentrates, and marijuana-infused products, utilize Washington state ferry routes for such transportation and delivery.

(4) The possession of marijuana, useable marijuana, marijuana concentrates, and marijuana-infused products being physically transported or delivered within the state, in amounts not exceeding those that may be established under section 502(3) of this act, by a licensed employee of a common carrier when performing the duties authorized under, and in accordance with, this section and section 502 of this act, is not a violation of this

section, this chapter, or any other provision of Washington state law.

NEW SECTION. Sec. 502. A new section is added to chapter 69.50 RCW to read as follows:

(1) The state liquor and cannabis board must adopt rules providing for an annual licensing procedure of a common carrier who seeks to transport or deliver marijuana, useable marijuana, marijuana concentrates, and marijuana-infused products within the state.

(2) The rules for licensing must:

(a) Establish criteria for considering the approval or denial of a common carrier's original application or renewal application;

(b) Provide minimum qualifications for any employee authorized to drive or operate the transportation or delivery vehicle, including a minimum age of at least twenty-one years;

(c) Address the safety of the employees transporting or delivering the products, including issues relating to the carrying of firearms by such employees;

(d) Address the security of the products being transported, including a system of electronically tracking all products at both the point of pickup and the point of delivery; and

(e) Set reasonable fees for the application and licensing process.

(3) The state liquor and cannabis board may adopt rules establishing the maximum amounts of marijuana, useable marijuana, marijuana concentrates, and marijuana-infused products that may be physically transported or delivered at one time by a common carrier as provided under section 501 of this act.

Sec. 503. RCW 69.50.4013 and 2015 c 70 s 14 are each amended to read as follows:

(1) It is unlawful for any person to possess a controlled substance unless the substance was obtained directly from, or pursuant to, a valid prescription or order of a practitioner while acting in the course of his or her professional practice, or except as otherwise authorized by this chapter.

(2) Except as provided in RCW 69.50.4014, any person who violates this section is guilty of a class C felony punishable under chapter 9A.20 RCW.

(3)(a) The possession, by a person twenty-one years of age or older, of useable marijuana, marijuana concentrates, or marijuana-infused products in amounts that do not exceed those set forth in RCW 69.50.360(3) is not a violation of this section, this chapter, or any other provision of Washington state law.

(b) The possession of marijuana, useable marijuana, marijuana concentrates, and marijuana-infused products being physically transported or delivered within the state, in amounts not exceeding those that may be established under section 502(3) of this act, by a licensed employee of a common carrier when performing the duties authorized in accordance with sections 501 and 502 of this act, is not a violation of this section, this chapter, or any other provision of Washington state law.

(4) No person under twenty-one years of age may possess, manufacture, sell, or distribute marijuana, marijuana-infused products, or marijuana concentrates, regardless of THC concentration. This does not include qualifying patients with a valid authorization.

(5) The possession by a qualifying patient or designated provider of marijuana concentrates, useable marijuana, marijuana-infused products, or plants in accordance with chapter 69.51A RCW is not a violation of this section, this chapter, or any other provision of Washington state law.

Sec. 504. RCW 18.170.020 and 2007 c 154 s 2 are each amended to read as follows:

The requirements of this chapter do not apply to:

(1) A person who is employed exclusively or regularly by one employer and performs the functions of a private security guard

solely in connection with the affairs of that employer, if the employer is not a private security company. However, in accordance with section 501 of this act, an employee engaged in marijuana-related transportation or delivery services on behalf of a common carrier must be licensed as an armed private security guard under this chapter in order to be authorized to carry or use a firearm while providing such services;

(2) A sworn peace officer while engaged in the performance of the officer's official duties;

(3) A sworn peace officer while employed by any person to engage in off-duty employment as a private security guard, but only if the employment is approved by the chief law enforcement officer of the jurisdiction where the employment takes place and the sworn peace officer does not employ, contract with, or broker for profit other persons to assist him or her in performing the duties related to his or her private employer; or

(4)(a) A person performing crowd management or guest services including, but not limited to, a person described as a ticket taker, usher, door attendant, parking attendant, crowd monitor, or event staff who:

((~~(a)~~)) (i) Does not carry a firearm or other dangerous weapon including, but not limited to, a stun gun, taser, pepper mace, or nightstick;

((~~(b)~~)) (ii) Does not wear a uniform or clothing readily identifiable by a member of the public as that worn by a private security officer or law enforcement officer; and

((~~(c)~~)) (iii) Does not have as his or her primary responsibility the detainment of persons or placement of persons under arrest.

(b) The exemption provided in this subsection applies only when a crowd has assembled for the purpose of attending or taking part in an organized event, including preevent assembly, event operation hours, and postevent departure activities.

Sec. 505. RCW 69.50.4014 and 2003 c 53 s 335 are each amended to read as follows:

Except as provided in RCW 69.50.401(2)(c) or as otherwise authorized by this chapter, any person found guilty of possession of forty grams or less of (~~marijuana~~) marijuana is guilty of a misdemeanor.

PART VI

Funding for Marijuana Health Awareness Program

Sec. 601. RCW 66.08.050 and 2014 c 63 s 3 are each amended to read as follows:

The board, subject to the provisions of this title and the rules, must:

(1) Determine the nature, form and capacity of all packages to be used for containing liquor kept for sale under this title;

(2) Execute or cause to be executed, all contracts, papers, and documents in the name of the board, under such regulations as the board may fix;

(3) Pay all customs, duties, excises, charges and obligations whatsoever relating to the business of the board;

(4) Require bonds from all employees in the discretion of the board, and to determine the amount of fidelity bond of each such employee;

(5) Perform services for the state lottery commission to such extent, and for such compensation, as may be mutually agreed upon between the board and the commission;

(6) Accept and deposit into the general fund-local account and disburse, subject to appropriation, federal grants or other funds or donations from any source for the purpose of improving public awareness of the health risks associated with alcohol and marijuana consumption by youth and the abuse of alcohol and marijuana by adults in Washington state. The board's alcohol awareness program must cooperate with federal and state agencies, interested organizations, and individuals to effect an active public beverage alcohol awareness program;

(7) Monitor and regulate the practices of licensees as necessary in order to prevent the theft and illegal trafficking of liquor pursuant to RCW 66.28.350;

(8) Perform all other matters and things, whether similar to the foregoing or not, to carry out the provisions of this title, and has full power to do each and every act necessary to the conduct of its regulatory functions, including all supplies procurement, preparation and approval of forms, and every other undertaking necessary to perform its regulatory functions whatsoever, subject only to audit by the state auditor. However, the board has no authority to regulate the content of spoken language on licensed premises where wine and other liquors are served and where there is not a clear and present danger of disorderly conduct being provoked by such language or to restrict advertising of lawful prices.

PART VII

Cannabis Health and Beauty Aid Exemption

NEW SECTION. Sec. 701. A new section is added to chapter 69.50 RCW to read as follows:

(1) Cannabis health and beauty aids are not subject to the regulations and penalties of this chapter that apply to marijuana, marijuana concentrates, or marijuana-infused products.

(2) For purposes of this section, "cannabis health and beauty aid" means a product containing parts of the cannabis plant and which:

(a) Is intended for use only as a topical application to provide therapeutic benefit or to enhance appearance;

(b) Contains a THC concentration of not more than 0.3 percent;

(c) Does not cross the blood-brain barrier; and

(d) Is not intended for ingestion by humans or animals.

PART VIII

Signage and Public Notice Requirements

NEW SECTION. Sec. 801. A new section is added to chapter 69.50 RCW to read as follows:

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

(a) Contain text with content sufficient to notify the public of the nature of the pending license application, the date of the application, the name of the applicant, and contact information for the state liquor and cannabis board;

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

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

(d) Be posted within seven business days of the submission of the application to the state liquor and cannabis board.

(2) The state liquor and cannabis board must adopt such rules as are necessary for the implementation of this section, including rules pertaining to the size of the sign and the text thereon, the textual content of the sign, the fee for providing the sign, and any other requirements necessary to ensure that the sign provides adequate notice to the public.

(3)(a) A city, town, or county may adopt an ordinance requiring individual notice by an applicant for a marijuana producer's, marijuana processor's, marijuana researcher's, or marijuana retailer's license under this chapter, sixty days prior to issuance of the license, to any elementary or secondary school, playground, recreation center or facility, child care center, church, public park, public transit center, library, or any game arcade admission to which is not restricted to persons aged twenty-one

years or older, that is within one thousand feet of the perimeter of the grounds of the establishment seeking licensure. The notice must provide the contact information for the liquor and cannabis board where any of the owners or operators of these entities may submit comments or concerns about the proposed business location.

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

PART IX

Marijuana-Infused Products and Concentrates

Sec. 901. RCW 69.50.101 and 2015 c 70 s 4 are each amended to read as follows:

~~((Unless the context clearly requires otherwise, definitions of terms shall be as indicated where used in this chapter.))~~ The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(a) "Administer" means to apply a controlled substance, whether by injection, inhalation, ingestion, or any other means, directly to the body of a patient or research subject by:

(1) a practitioner authorized to prescribe (or, by the practitioner's authorized agent); or

(2) the patient or research subject at the direction and in the presence of the practitioner.

(b) "Agent" means an authorized person who acts on behalf of or at the direction of a manufacturer, distributor, or dispenser. It does not include a common or contract carrier, public warehouseperson, or employee of the carrier or warehouseperson.

(c) "Commission" means the pharmacy quality assurance commission.

(d) "Controlled substance" means a drug, substance, or immediate precursor included in Schedules I through V as set forth in federal or state laws, or federal or commission rules.

(e)(1) "Controlled substance analog" means a substance the chemical structure of which is substantially similar to the chemical structure of a controlled substance in Schedule I or II and:

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

(ii) with respect to a particular individual, that the individual represents or intends to have a stimulant, depressant, or hallucinogenic effect on the central nervous system substantially similar to the stimulant, depressant, or hallucinogenic effect on the central nervous system of a controlled substance included in Schedule I or II.

(2) The term does not include:

(i) a controlled substance;

(ii) a substance for which there is an approved new drug application;

(iii) a substance with respect to which an exemption is in effect for investigational use by a particular person under Section 505 of the federal Food, Drug and Cosmetic Act, 21 U.S.C. Sec. 355, to the extent conduct with respect to the substance is pursuant to the exemption; or

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

(f) "Deliver" or "delivery," means the actual or constructive transfer from one person to another of a substance, whether or not there is an agency relationship.

(g) "Department" means the department of health.

(h) "Dispense" means the interpretation of a prescription or order for a controlled substance and, pursuant to that prescription or order, the proper selection, measuring, compounding, labeling,

or packaging necessary to prepare that prescription or order for delivery.

(i) "Dispenser" means a practitioner who dispenses.

(j) "Distribute" means to deliver other than by administering or dispensing a controlled substance.

(k) "Distributor" means a person who distributes.

(l) "Drug" means (1) a controlled substance recognized as a drug in the official United States pharmacopoeia/national formulary or the official homeopathic pharmacopoeia of the United States, or any supplement to them; (2) controlled substances intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in individuals or animals; (3) controlled substances (other than food) intended to affect the structure or any function of the body of individuals or animals; and (4) controlled substances intended for use as a component of any article specified in (1), (2), or (3) of this subsection. The term does not include devices or their components, parts, or accessories.

(m) "Drug enforcement administration" means the drug enforcement administration in the United States Department of Justice, or its successor agency.

(n) "Electronic communication of prescription information" means the transmission of a prescription or refill authorization for a drug of a practitioner using computer systems. The term does not include a prescription or refill authorization verbally transmitted by telephone nor a facsimile manually signed by the practitioner.

(o) "Immediate precursor" means a substance:

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

(2) that is an immediate chemical intermediary used or likely to be used in the manufacture of a controlled substance; and

(3) the control of which is necessary to prevent, curtail, or limit the manufacture of the controlled substance.

(p) "Isomer" means an optical isomer, but in subsection ~~((=))~~ (bb)(5) of this section, RCW 69.50.204(a) (12) and (34), and 69.50.206(b)(4), the term includes any geometrical isomer; in RCW 69.50.204(a) (8) and (42), and 69.50.210(c) the term includes any positional isomer; and in RCW 69.50.204(a)(35), 69.50.204(c), and 69.50.208(a) the term includes any positional or geometric isomer.

(q) "Lot" means a definite quantity of marijuana, marijuana concentrates, useable marijuana, or marijuana-infused product identified by a lot number, every portion or package of which is uniform within recognized tolerances for the factors that appear in the labeling.

(r) "Lot number" ~~((shall))~~ must identify the licensee by business or trade name and Washington state unified business identifier number, and the date of harvest or processing for each lot of marijuana, marijuana concentrates, useable marijuana, or marijuana-infused product.

(s) "Manufacture" means the production, preparation, propagation, compounding, conversion, or processing of a controlled substance, either directly or indirectly or by extraction from substances of natural origin, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, and includes any packaging or repackaging of the substance or labeling or relabeling of its container. The term does not include the preparation, compounding, packaging, repackaging, labeling, or relabeling of a controlled substance:

(1) by a practitioner as an incident to the practitioner's administering or dispensing of a controlled substance in the course of the practitioner's professional practice; or

(2) by a practitioner, or by the practitioner's authorized agent under the practitioner's supervision, for the purpose of, or as an

incident to, research, teaching, or chemical analysis and not for sale.

(t) "Marijuana" or "marihuana" means all parts of the plant *Cannabis*, whether growing or not, with a THC concentration greater than 0.3 percent on a dry weight basis; the seeds thereof; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin. The term does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination.

(u) "Marijuana concentrates" means products consisting wholly or in part of the resin extracted from any part of the plant *Cannabis* and having a THC concentration greater than ~~(sixty)~~ ten percent.

(v) "Marijuana processor" means a person licensed by the state liquor and cannabis board to process marijuana into marijuana concentrates, useable marijuana, and marijuana-infused products, package and label marijuana concentrates, useable marijuana, and marijuana-infused products for sale in retail outlets, and sell marijuana concentrates, useable marijuana, and marijuana-infused products at wholesale to marijuana retailers.

(w) "Marijuana producer" means a person licensed by the state liquor and cannabis board to produce and sell marijuana at wholesale to marijuana processors and other marijuana producers.

(x) "Marijuana products" means useable marijuana, marijuana concentrates, and marijuana-infused products as defined in this section.

(y) "Marijuana-infused products" means products that contain marijuana or marijuana extracts, are intended for human use, are derived from marijuana as defined in subsection (t) of this section, and have a THC concentration no greater than ~~(thirty)~~ ten percent ~~(and no greater than sixty percent)~~. The term "marijuana-infused products" does not include either useable marijuana or marijuana concentrates.

~~((z))~~ (z) "Marijuana researcher" means a person licensed by the state liquor and cannabis board to produce, process, and possess marijuana for the purposes of conducting research on marijuana and marijuana-derived drug products.

(aa) "Marijuana retailer" means a person licensed by the state liquor and cannabis board to sell marijuana concentrates, useable marijuana, and marijuana-infused products in a retail outlet.

~~((bb))~~ (bb) "Narcotic drug" means any of the following, whether produced directly or indirectly by extraction from substances of vegetable origin, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis:

(1) Opium, opium derivative, and any derivative of opium or opium derivative, including their salts, isomers, and salts of isomers, whenever the existence of the salts, isomers, and salts of isomers is possible within the specific chemical designation. The term does not include the isoquinoline alkaloids of opium.

(2) Synthetic opiate and any derivative of synthetic opiate, including their isomers, esters, ethers, salts, and salts of isomers, esters, and ethers, whenever the existence of the isomers, esters, ethers, and salts is possible within the specific chemical designation.

(3) Poppy straw and concentrate of poppy straw.

(4) Coca leaves, except coca leaves and extracts of coca leaves from which cocaine, ecgonine, and derivatives or ecgonine or their salts have been removed.

(5) Cocaine, or any salt, isomer, or salt of isomer thereof.

(6) Cocaine base.

(7) Ecgonine, or any derivative, salt, isomer, or salt of isomer thereof.

(8) Any compound, mixture, or preparation containing any quantity of any substance referred to in subparagraphs (1) through (7).

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

~~((dd))~~ (dd) "Opium poppy" means the plant of the species *Papaver somniferum* L., except its seeds.

~~((ee))~~ (ee) "Person" means individual, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or any other legal or commercial entity.

~~((ff))~~ (ff) "Poppy straw" means all parts, except the seeds, of the opium poppy, after mowing.

~~((gg))~~ (gg) "Practitioner" means:

(1) A physician under chapter 18.71 RCW; a physician assistant under chapter 18.71A RCW; an osteopathic physician and surgeon under chapter 18.57 RCW; an osteopathic physician assistant under chapter 18.57A RCW who is licensed under RCW 18.57A.020 subject to any limitations in RCW 18.57A.040; an optometrist licensed under chapter 18.53 RCW who is certified by the optometry board under RCW 18.53.010 subject to any limitations in RCW 18.53.010; a dentist under chapter 18.32 RCW; a podiatric physician and surgeon under chapter 18.22 RCW; a veterinarian under chapter 18.92 RCW; a registered nurse, advanced registered nurse practitioner, or licensed practical nurse under chapter 18.79 RCW; a naturopathic physician under chapter 18.36A RCW who is licensed under RCW 18.36A.030 subject to any limitations in RCW 18.36A.040; a pharmacist under chapter 18.64 RCW or a scientific investigator under this chapter, licensed, registered or otherwise permitted insofar as is consistent with those licensing laws to distribute, dispense, conduct research with respect to or administer a controlled substance in the course of their professional practice or research in this state.

(2) A pharmacy, hospital or other institution licensed, registered, or otherwise permitted to distribute, dispense, conduct research with respect to or to administer a controlled substance in the course of professional practice or research in this state.

(3) A physician licensed to practice medicine and surgery, a physician licensed to practice osteopathic medicine and surgery, a dentist licensed to practice dentistry, a podiatric physician and surgeon licensed to practice podiatric medicine and surgery, a licensed physician assistant or a licensed osteopathic physician assistant specifically approved to prescribe controlled substances by his or her state's medical quality assurance commission or equivalent and his or her supervising physician, an advanced registered nurse practitioner licensed to prescribe controlled substances, or a veterinarian licensed to practice veterinary medicine in any state of the United States.

~~((hh))~~ (hh) "Prescription" means an order for controlled substances issued by a practitioner duly authorized by law or rule in the state of Washington to prescribe controlled substances within the scope of his or her professional practice for a legitimate medical purpose.

~~((ii))~~ (ii) "Production" includes the manufacturing, planting, cultivating, growing, or harvesting of a controlled substance.

~~((hh))~~ (jj) "Retail outlet" means a location licensed by the state liquor and cannabis board for the retail sale of marijuana concentrates, useable marijuana, and marijuana-infused products.

~~((ii))~~ (kk) "Secretary" means the secretary of health or the secretary's designee.

~~((jj))~~ (ll) "State," unless the context otherwise requires, means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or a territory or insular possession subject to the jurisdiction of the United States.

~~((kk))~~ (mm) "THC concentration" means percent of delta-9 tetrahydrocannabinol content per dry weight of any part of the plant *Cannabis*, or per volume or weight of marijuana product, or the combined percent of delta-9 tetrahydrocannabinol and tetrahydrocannabinolic acid in any part of the plant *Cannabis* regardless of moisture content.

~~((ll))~~ (nn) "Ultimate user" means an individual who lawfully possesses a controlled substance for the individual's own use or for the use of a member of the individual's household or for administering to an animal owned by the individual or by a member of the individual's household.

~~((mm))~~ (oo) "Useable marijuana" means dried marijuana flowers. The term "useable marijuana" does not include either marijuana-infused products or marijuana concentrates.

~~((nn))~~ (pp) "Designated provider" has the meaning provided in RCW 69.51A.010.

~~((oo))~~ (qq) "Qualifying patient" has the meaning provided in RCW 69.51A.010.

~~((pp))~~ (rr) "CBD concentration" has the meaning provided in RCW 69.51A.010.

~~((qq))~~ (ss) "Plant" has the meaning provided in RCW 69.51A.010.

~~((rr))~~ (tt) "Recognition card" has the meaning provided in RCW 69.51A.010.

PART X

Medical Use of Marijuana

Sec. 1001. RCW 69.51A.--- and 2015 c 70 s 26 are each amended to read as follows:

(1) Qualifying patients or designated providers may form a cooperative and share responsibility for acquiring and supplying the resources needed to produce and process marijuana only for the medical use of members of the cooperative. No more than four qualifying patients or designated providers may become members of a cooperative under this section and all members must hold valid recognition cards. All members of the cooperative must be at least twenty-one years old. The designated provider of a qualifying patient who is under twenty-one years old may be a member of a cooperative on the qualifying patient's behalf.

(2) ~~((Cooperatives may not be located within one mile of a marijuana retailer. People))~~ Qualifying patients and designated providers who wish to form a cooperative must register the location with the state liquor and cannabis board and this is the only location where cooperative members may grow or process marijuana. This registration must include the names of all participating members and copies of each participant's recognition card. Only qualifying patients or designated providers registered with the state liquor and cannabis board in association with the location may participate in growing or receive useable marijuana or marijuana-infused products grown at that location.

(3) No cooperative may be located in any of the following areas:

(a) Within one mile of a marijuana retailer;

(b) Within the smaller of either:

(i) One thousand feet of the perimeter of the grounds of any elementary or secondary school, playground, recreation center or facility, child care center, public park, public transit center, library,

or any game arcade that admission to which is not restricted to persons aged twenty-one years or older; or

(ii) The area restricted by ordinance, if the cooperative is located in a city, county, or town that has passed an ordinance pursuant to RCW 69.50.331(8); or

(c) Where prohibited by a city, town, or county zoning provision.

(4) The state liquor and cannabis board must deny the registration of any cooperative if the location ~~((is within one mile of a marijuana retailer))~~ does not comply with the requirements set forth in subsection (3) of this section.

~~((3))~~ (5) If a qualifying patient or designated provider no longer participates in growing at the location, he or she must notify the state liquor and cannabis board within fifteen days of the date the qualifying patient or designated provider ceases participation. The state liquor and cannabis board must remove his or her name from connection to the cooperative. Additional qualifying patients or designated providers may not join the cooperative until sixty days have passed since the date on which the last qualifying patient or designated provider notifies the state liquor and cannabis board that he or she no longer participates in that cooperative.

~~((4))~~ (6) Qualifying patients or designated providers who participate in a cooperative under this section:

(a) May grow up to the total amount of plants for which each participating member is authorized on their recognition cards, up to a maximum of sixty plants. At the location, the qualifying patients or designated providers may possess the amount of useable marijuana that can be produced with the number of plants permitted under this subsection, but no more than seventy-two ounces;

(b) May only participate in one cooperative;

(c) May only grow plants in the cooperative and if he or she grows plants in the cooperative may not grow plants elsewhere;

(d) Must provide assistance in growing plants. A monetary contribution or donation is not to be considered assistance under this section. Participants must provide nonmonetary resources and labor in order to participate; and

(e) May not sell, donate, or otherwise provide marijuana, marijuana concentrates, useable marijuana, or marijuana-infused products to a person who is not participating under this section.

~~((5))~~ (7) The location of the cooperative must be the domicile of one of the participants. Only one cooperative may be located per property tax parcel. A copy of each participant's recognition card must be kept at the location at all times.

~~((6))~~ (8) The state liquor and cannabis board may adopt rules to implement this section including:

(a) Any security requirements necessary to ensure the safety of the cooperative and to reduce the risk of diversion from the cooperative;

(b) A seed to sale traceability model that is similar to the seed to sale traceability model used by licensees that will allow the state liquor and cannabis board to track all marijuana grown in a cooperative.

~~((7))~~ (9) The state liquor and cannabis board or law enforcement may inspect a cooperative registered under this section to ensure members are in compliance with this section. The state liquor and cannabis board must adopt rules on reasonable inspection hours and reasons for inspections.

NEW SECTION. Sec. 1002. A new section is added to chapter 42.56 RCW to read as follows:

(1) Registration information submitted to the state liquor and cannabis board under RCW 69.51A.--- (section 26, chapter 70, Laws of 2015) including the names of all participating members of a cooperative, copies of each member's recognition card, location of the cooperative, and other information required for registration

by the state liquor and cannabis board is exempt from disclosure under this chapter.

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

(a) "Cooperative" means a cooperative established under RCW 69.51A.-- (section 26, chapter 70, Laws of 2015) to produce and process marijuana only for the medical use of members of the cooperative.

(b) "Recognition card" has the same meaning as provided in RCW 69.51A.010.

PART XI

Dedicated Marijuana Account

Sec. 1101. RCW 69.50.530 and 2013 c 3 s 26 are each amended to read as follows:

~~((1) There shall be a fund, known as the dedicated marijuana fund, which shall consist of all marijuana excise taxes, license fees, penalties, forfeitures, and all other moneys, income, or revenue received by the state liquor control board from marijuana-related activities. The state treasurer shall be custodian of the fund.~~

~~((2)) The dedicated marijuana account is created in the state treasury. All moneys received by the state liquor ((control)) and cannabis board, or any employee thereof, from marijuana-related activities ((shall)) must be deposited ((each day in a depository approved by the state treasurer and transferred to the state treasurer to be credited to the dedicated marijuana fund.~~

~~((3) Disbursements from the dedicated marijuana fund shall be on authorization of the state liquor control board or a duly authorized representative thereof)) in the account. Unless otherwise provided in this act, all marijuana excise taxes collected from sales of marijuana, useable marijuana, marijuana concentrates, and marijuana-infused products under RCW 69.50.535, and the license fees, penalties, and forfeitures derived under this chapter from marijuana producer, marijuana processor, marijuana researcher, and marijuana retailer licenses, must be deposited in the account. Moneys in the account may only be spent after appropriation.~~

PART XII

Synthetic Cannabinoids and Bath Salts

NEW SECTION. Sec. 1201. A new section is added to chapter 69.50 RCW to read as follows:

(1) It is an unfair or deceptive practice under RCW 19.86.020 for any person or entity to distribute, dispense, manufacture, display for sale, offer for sale, attempt to sell, or sell to a purchaser any product that contains any amount of any synthetic cannabinoid. The legislature finds that practices covered by this section are matters vitally affecting the public interest for the purpose of applying the consumer protection act, chapter 19.86 RCW. Violations of this section are not reasonable in relation to the development and preservation of business.

(2) "Synthetic cannabinoid" includes any chemical compound identified in RCW 69.50.204(c)(30) or by the pharmacy quality assurance commission under RCW 69.50.201.

NEW SECTION. Sec. 1202. A new section is added to chapter 69.50 RCW to read as follows:

It is an unfair or deceptive practice under RCW 19.86.020 for any person or entity to distribute, dispense, manufacture, display for sale, offer for sale, attempt to sell, or sell to a purchaser any product that contains any amount of any cathinone or methcathinone as identified in RCW 69.50.204(e) (3) and (5). The legislature finds that practices covered by this section are matters vitally affecting the public interest for the purpose of applying the consumer protection act, chapter 19.86 RCW. Violations of this section are not reasonable in relation to the development and preservation of business.

Sec. 1203. RCW 69.50.204 and 2010 c 177 s 2 are each amended to read as follows:

Unless specifically excepted by state or federal law or regulation or more specifically included in another schedule, the following controlled substances are listed in Schedule I:

(a) Any of the following opiates, including their isomers, esters, ethers, salts, and salts of isomers, esters, and ethers whenever the existence of these isomers, esters, ethers, and salts is possible within the specific chemical designation:

- (1) Acetyl-alpha-methylfentanyl (N-
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JOURNAL\Journal2015\LegDay029\1-(1-methyl-2-phenethyl)-4-
piperidiny].doc-N-phenylacetamide);
- (2) Acetylmethadol;
- (3) Allylprodine;
- (4) Alphacetylmethadol, except levo-alphacetylmethadol, also known as levo-alpha-acetylmethadol, levomethadyl acetate, or LAAM;
- (5) Alphameprodine;
- (6) Alphamethadol;
- (7) Alpha-methylfentanyl (N-[1-(alpha-methyl-beta-phenyl)ethyl-4-piperidyl] propionanilide); (1-(1-methyl-2-phenylethyl)-4-(N-propanilido) piperidine);
- (8) Alpha-methylthiofentanyl (N-
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piperidiny].doc-N-phenylpropanamide);
- (9) Benzethidine;
- (10) Betacetylmethadol;
- (11) Beta-hydroxyfentanyl (N-[1-(2-hydroxy-2-phenethyl)-4-piperidiny]-N-phenylpropanamide);
- (12) Beta-hydroxy-3-methylfentanyl, some trade or other names: N-
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methyl-4-piperidiny].doc-N-phenylpropanamide);
- (13) Betameprodine;
- (14) Betamethadol;
- (15) Betaprodine;
- (16) Clonitazene;
- (17) Dextromoramide;
- (18) Diampromide;
- (19) Diethylthiambutene;
- (20) Difenoxin;
- (21) Dimenoxadol;
- (22) Dimepheptanol;
- (23) Dimethylthiambutene;
- (24) Dioxaphetyl butyrate;
- (25) Dipipanone;
- (26) Ethylmethylthiambutene;
- (27) Etonitazene;
- (28) Etoxidine;
- (29) Furethidine;
- (30) Hydroxypethidine;
- (31) Ketobemidone;
- (32) Levomoramide;
- (33) Levophenacylmorphane;
- (34) 3-Methylfentanyl (N-[3-methyl-1-(2-phenylethyl)-4-piperidyl]-N-phenylprop anamide);
- (35) 3-Methylthiofentanyl (N-[(3-methyl-1-(2-thienyl)ethyl-4-piperidiny]-N-phenylpropanamide);
- (36) Morpheridine;
- (37) MPPP (1-methyl-4-phenyl-4-propionoxypiperidine);
- (38) Noracymethadol;
- (39) Norlevorphanol;
- (40) Normethadone;
- (41) Norpipanone;
- (42) Para-fluorofentanyl (N-(4-fluorophenyl)-N-[1-(2-phenethyl)-4-piperidiny] propanamide);

- (43) PEPAP(1-(2-phenethyl)-4-phenyl-4-acetoxypiperidine);
- (44) Phenadoxone;
- (45) Phenampromide;
- (46) Phenomorphan;
- (47) Phenoperidine;
- (48) Piritramide;
- (49) Proheptazine;
- (50) Properidine;
- (51) Propiram;
- (52) Racemoramide;
- (53) Thiofentanyl (N-phenyl-N-[1-(2-thienyl)ethyl-4-piperidinyl]-propanamide);
- (54) Tilidine;
- (55) Trimeperidine.

(b) Opium derivatives. Unless specifically excepted or unless listed in another schedule, any of the following opium derivatives, including their salts, isomers, and salts of isomers whenever the existence of those salts, isomers, and salts of isomers is possible within the specific chemical designation:

- (1) Acetorphine;
- (2) Acetyldihydrocodeine;
- (3) Benzylmorphine;
- (4) Codeine methylbromide;
- (5) Codeine-N-Oxide;
- (6) Cyprenorphine;
- (7) Desomorphine;
- (8) Dihydromorphine;
- (9) Drotebanol;
- (10) Etorphine, except hydrochloride salt;
- (11) Heroin;
- (12) Hydromorphanol;
- (13) Methyl-desorphine;
- (14) Methyl-dihydromorphine;
- (15) Morphine methylbromide;
- (16) Morphine methylsulfonate;
- (17) Morphine-N-Oxide;
- (18) Myrophine;
- (19) Nicocodeine;
- (20) Nicomorphine;
- (21) Normorphine;
- (22) Pholcodine;
- (23) Thebacon.

(c) Hallucinogenic substances. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following hallucinogenic substances, including their salts, isomers, and salts of isomers whenever the existence of those salts, isomers, and salts of isomers is possible within the specific chemical designation. For the purposes of this subsection only, the term "isomer" includes the optical, position, and geometric isomers:

- (1) Alpha-ethyltryptamine: Some trade or other names: Etryptamine; monase; a-ethyl-1H-indole-3-ethanamine; 3-(2-aminobutyl) indole; a-ET; and AET;
- (2) 4-bromo-2,5-dimethoxy-amphetamine: Some trade or other names: 4-bromo-2,5-dimethoxy-a-methylphenethylamine; 4-bromo-2,5-DMA;
- (3) 4-bromo-2,5-dimethoxyphenethylamine: Some trade or other names: 2-(4-bromo-2,5-dimethoxyphenyl)-1-aminoethane; alpha-desmethyl DOB; 2C-B, nexus;
- (4) 2,5-dimethoxyamphetamine: Some trade or other names: 2,5-dimethoxy-a-methylphenethylamine; 2,5-DMA;
- (5) 2,5-dimethoxy-4-ethylamphetamine (DOET);
- (6) 2,5-dimethoxy-4-(n)-propylthiophenethylamine: Other name: 2C-T-7;

(7) 4-methoxyamphetamine: Some trade or other names: 4-methoxy-a-methylphenethylamine; paramethoxyamphetamine, PMA;

(8) 5-methoxy-3,4-methylenedioxy-amphetamine;

(9) 4-methyl-2,5-dimethoxy-amphetamine: Some trade and other names: 4-methyl-2,5-dimethoxy-a-methylphenethylamine; "DOM"; and "STP";

(10) 3,4-methylenedioxy amphetamine;

(11) 3,4-methylenedioxymethamphetamine (MDMA);

(12) 3,4-methylenedioxy-N-ethylamphetamine, also known as N-ethyl-alpha-methyl-3,4(methylenedioxy)phenethylamine, N-ethyl MDA, MDE, MDEA;

(13) N-hydroxy-3,4-methylenedioxyamphetamine also known as N-hydroxy-alpha-methyl-3,4(methylenedioxy)phenethylamine, N-hydroxy MDA;

(14) 3,4,5-trimethoxy amphetamine;

(15) Alpha-methyltryptamine: Other name: AMT;

(16) Bufotenine: Some trade or other names: 3-(beta-Dimethylaminoethyl)-5-hydroxyindole; 3-(2-dimethylaminoethyl)-5-indolol; N, N-dimethylserotonin; 5-hydroxy-N,N-dimethyltryptamine; mappine;

(17) Diethyltryptamine: Some trade or other names: N,N-Diethyltryptamine; DET;

(18) Dimethyltryptamine: Some trade or other names: DMT;

(19) 5-methoxy-N,N-diisopropyltryptamine: Other name: 5-MeO-DIPT;

(20) Ibogaine: Some trade or other names: 7-Ethyl-6,6 beta,7,8,9,10,12,13,-octahydro-2-methoxy-6,9-methano-5H-pyrido (1',2' 1,2) azepino (5,4-b) indole; Tabernanthe iboga;

(21) Lysergic acid diethylamide;

(22) Marihuana or marijuana;

(23) Mescaline;

(24) Parahexyl-7374: Some trade or other names: 3-Hexyl-1-hydroxy-7, 8, 9, 10-tetrahydro-6, 6, 9-trimethyl-6H-dibenzo[b,d]pyran; synhexyl;

(25) Peyote, meaning all parts of the plant presently classified botanically as *Lophophora Williamsii* Lemaire, whether growing or not, the seeds thereof, any extract from any part of such plant, and every compound, manufacture, salts, derivative, mixture, or preparation of such plant, its seeds, or extracts; (interprets 21 U.S.C. Sec. 812 (c), Schedule I (c)(12));

(26) N-ethyl-3-piperidyl benzilate;

(27) N-methyl-3-piperidyl benzilate;

(28) Psilocybin;

(29) Psilocyn;

(30) Tetrahydrocannabinols, meaning tetrahydrocannabinols naturally contained in a plant of the genus *Cannabis* (cannabis plant), as well as synthetic equivalents of the substances contained in the plant, or in the resinous extractives of *Cannabis*, species, and/or synthetic substances, derivatives, and their isomers with similar chemical structure and pharmacological activity such as the following:

(i) 1 - cis - or trans tetrahydrocannabinol, and their optical isomers, excluding tetrahydrocannabinol in sesame oil and encapsulated in a soft gelatin capsule in a drug product approved by the United States Food and Drug Administration;

(ii) 6 - cis - or trans tetrahydrocannabinol, and their optical isomers;

(iii) 3,4 - cis - or trans tetrahydrocannabinol, and its optical isomers; or

(iv) That is chemically synthesized and either:

(a) Has been demonstrated to have binding activity at one or more cannabinoid receptors; or

(b) Is a chemical analog or isomer of a compound that has been demonstrated to have binding activity at one or more cannabinoid receptors;

(Since nomenclature of these substances is not internationally standardized, compounds of these structures, regardless of numerical designation of atomic positions covered.)

(31) Ethylamine analog of phencyclidine: Some trade or other names: N-ethyl-1-phenylcyclohexylamine, (1-phenylcyclohexyl)ethylamine; N-(1-phenylcyclohexyl)ethylamine; cyclohexamine; PCE;

(32) Pyrrolidine analog of phencyclidine: Some trade or other names: 1-(1-phenylcyclohexyl)pyrrolidine; PCPy; PHP;

(33) Thiophene analog of phencyclidine: Some trade or other names: 1-(1-[2-thenyl]-cyclohexyl)-piperidine; 2-thienylanalog of phencyclidine; TPCP; TCP;

(34) 1-[1-(2-thienyl)cyclohexyl]pyrrolidine: A trade or other name is TCPy.

(d) Depressants. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a depressant effect on the central nervous system, including its salts, isomers, and salts of isomers whenever the existence of such salts, isomers, and salts of isomers is possible within the specific chemical designation.

(1) Gamma-hydroxybutyric acid: Some other names include GHB; gamma-hydroxybutyrate; 4-hydroxybutyrate; 4-hydroxybutanoic acid; sodium oxybate; sodium oxybutyrate;

(2) Mecloqualone;

(3) Methaqualone.

(e) Stimulants. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a stimulant effect on the central nervous system, including its salts, isomers, and salts of isomers:

(1) Aminorex: Some other names: aminoxaphen; 2-amino-5-phenyl-2-oxazoline; or 4, 5-dihydro-5-phenyl-2-oxazolamine;

(2) N-Benzylpiperazine: Some other names: BZP, 1-benzylpiperazine;

(3) Cathinone, also known as 2-amino-1-phenyl-1-propanone, alpha-aminopropiophenone, 2-aminopropiophenone and norephedrone;

(4) Fenethylamine;

(5) Methcathinone: Some other names: 2-(methylamino)-propiofenone; alpha-(methylamino)propiofenone; 2-(methylamino)-1-phenylpropan-1-one; alpha-N-methylaminopropiophenone; monomethylpropion; ephedrone; N-methylcathinone; methylcathinone; AL-464; AL-422; AL-463 and UR1432, its salts, optical isomers, and salts of optical isomers;

(6) (+)-cis-4-methylaminorex ((+)-cis-4,5-dihydro-4-methyl-5-phenyl-2-oxazolamine);

(7) N-ethylamphetamine;

(8) N,N-dimethylamphetamine: Some trade or other names: N,N-alpha-trimethyl-benzeneethanamine; N,N-alpha-trimethylphenoethylene.

The controlled substances in this section may be added, rescheduled, or deleted as provided for in RCW 69.50.201.

Sec. 1204. RCW 69.50.430 and 2015 c 265 s 36 are each amended to read as follows:

(1) Every adult offender convicted of a felony violation of RCW 69.50.401 through 69.50.4013, 69.50.4015, 69.50.402, 69.50.403, 69.50.406, 69.50.407, 69.50.410, or 69.50.415 (~~shall~~) must be fined one thousand dollars in addition to any other fine or penalty imposed. Unless the court finds the adult offender to be indigent, this additional fine (~~shall~~) may not be suspended or deferred by the court.

(2) On a second or subsequent conviction for violation of any of the laws listed in subsection (1) of this section, the adult offender (~~shall~~) must be fined two thousand dollars in addition to any other fine or penalty imposed. Unless the court finds the adult offender to be indigent, this additional fine (~~shall~~) may not be suspended or deferred by the court.

(3) In addition to any other civil or criminal penalty, every person who violates or causes another to violate RCW 69.50.401 by distributing, dispensing, manufacturing, displaying for sale, offering for sale, attempting to sell, or selling to a purchaser any product that contains any amount of any synthetic cannabinoid, as identified in RCW 69.50.204, must be fined not less than ten thousand dollars and not more than five hundred thousand dollars. If, however, the person who violates or causes another to violate RCW 69.50.401 by distributing, dispensing, manufacturing, displaying for sale, offering for sale, attempting to sell, or selling any product that contains any amount of any synthetic cannabinoid, as identified in RCW 69.50.204, to a purchaser under the age of eighteen, the minimum penalty is twenty-five thousand dollars if the person is at least two years older than the minor. Unless the court finds the person to be indigent, this additional fine may not be suspended or deferred by the court.

NEW SECTION. Sec. 1205. A new section is added to chapter 69.50 RCW to read as follows:

In addition to any other civil or criminal penalty, every person who violates or causes another to violate RCW 69.50.401 by distributing, dispensing, manufacturing, displaying for sale, offering for sale, attempting to sell, or selling to a purchaser any product that contains any amount of any cathinone or methcathinone, as identified in RCW 69.50.204, must be fined not less than ten thousand dollars and not more than five hundred thousand dollars. If, however, the person who violates or causes another to violate RCW 69.50.401 by distributing, dispensing, manufacturing, displaying for sale, offering for sale, attempting to sell, or selling any product that contains any amount of any cathinone or methcathinone, as identified in RCW 69.50.204, to a purchaser under the age of eighteen, the minimum penalty is twenty-five thousand dollars if the person is at least two years older than the minor. Unless the court finds the person to be indigent, this additional fine may not be suspended or deferred by the court.

PART XIII

Restricting Certain Methods of Selling Marijuana

NEW SECTION. Sec. 1301. A new section is added to chapter 69.50 RCW to read as follows:

(1) A retailer licensed under this chapter may use a vending machine for the retail sale of useable marijuana, marijuana concentrates, and marijuana-infused products, subject to approval from the board prior to the installation or use of the machine in the licensed premises.

(2) The board is granted general authority to adopt rules necessary for the implementation of this section, including, but not limited to, rules governing:

(a) The operational characteristics of the vending machines;

(b) Identification and age verification processes and requirements for customers who make purchases from the machines;

(c) The location of vending machines within the licensed premises and measures to prevent access to the machines by persons under age 21;

(d) The types and quantities of marijuana-related products that may be purchased from the vending machines; and

(e) Signs and labeling that must be affixed to vending machines pertaining to public health and safety notifications, legal warnings and requirements, and other disclosures and information as deemed necessary by the board.

(3) The products sold through vending machines, and the use of such machines, must comply with the pertinent provisions of this chapter regarding the retail sale of useable marijuana, marijuana concentrates, and marijuana-infused products.

(4) For the purposes of this section, "vending machine" means a machine or other mechanical device that accepts payment and:

- (a) Dispenses tangible personal property; or
- (b) Provides a service to the buyer.

NEW SECTION. Sec. 1302. A new section is added to chapter 69.50 RCW to read as follows:

(1) A retailer licensed under this chapter is prohibited from operating a drive-through purchase facility where marijuana concentrates, marijuana-infused products, or useable marijuana are sold at retail and dispensed through a window or door to a purchaser who is either in or on a motor vehicle or otherwise located outside of the licensed premises at the time of sale.

(2) The state liquor and cannabis board may not issue, transfer, or renew a marijuana retail license for any licensee in violation of the provisions of subsection (1) of this section.

PART XIV

Marijuana Clubs

NEW SECTION. Sec. 1401. A new section is added to chapter 69.50 RCW to read as follows:

(1) It is unlawful for any person to conduct or maintain a marijuana club by himself or herself or by associating with others, or in any manner aid, assist, or abet in conducting or maintaining a marijuana club.

(2) It is unlawful for any person to conduct or maintain a public place where marijuana is held or stored, except as provided for a licensee under this chapter, or consumption of marijuana is permitted.

(3) Any person who violates this section is guilty of a class C felony punishable under chapter 9A.20 RCW.

(4) The following definitions apply throughout this section unless the context clearly requires otherwise.

(a) "Marijuana club" means a club, association, or other business, for profit or otherwise, that conducts or maintains a premises for the primary or incidental purpose of providing a location where members or other persons may keep or consume marijuana on the premises.

(b) "Public place" means, in addition to the definition provided in RCW 66.04.010, any place to which admission is charged or for which any pecuniary gain is realized by the owner or operator of such place.

PART XV

Marijuana Research Licenses

Sec. 1501. RCW 69.50.--- and 2015 c 71 s 1 are each amended to read as follows:

(1) There shall be a marijuana research license that permits a licensee to produce, process, and possess marijuana for the following limited research purposes:

- (a) To test chemical potency and composition levels;
- (b) To conduct clinical investigations of marijuana-derived drug products;
- (c) To conduct research on the efficacy and safety of administering marijuana as part of medical treatment; and
- (d) To conduct genomic or agricultural research.

(2) As part of the application process for a marijuana research license, an applicant must submit to the life sciences discovery fund authority a description of the research that is intended to be conducted. The life sciences discovery fund authority must review the project and determine that it meets the requirements of subsection (1) of this section. If the life sciences discovery fund authority determines that the research project does not meet the requirements of subsection (1) of this section, the application must be denied.

(3) A marijuana research licensee may only sell marijuana grown or within its operation to other marijuana research licensees. The state liquor (~~(control)~~) and cannabis board may revoke a marijuana research license for violations of this subsection.

(4) A marijuana research licensee may contract with the University of Washington or Washington State University to perform research in conjunction with the university. All research projects, not including those projects conducted pursuant to a contract entered into under RCW 28B.20.502(3), must be approved by the life sciences discovery fund authority and meet the requirements of subsection (1) of this section.

(5) In establishing a marijuana research license, the state liquor (~~(control)~~) and cannabis board may adopt rules on the following:

- (a) Application requirements;
- (b) Marijuana research license renewal requirements, including whether additional research projects may be added or considered;
- (c) Conditions for license revocation;
- (d) Security measures to ensure marijuana is not diverted to purposes other than research;
- (e) Amount of plants, useable marijuana, marijuana concentrates, or marijuana-infused products a licensee may have on its premises;
- (f) Licensee reporting requirements;
- (g) Conditions under which marijuana grown by marijuana processors may be donated to marijuana research licensees; and
- (h) Additional requirements deemed necessary by the state liquor (~~(control)~~) and cannabis board.

(6) The production, processing, possession, delivery, donation, and sale of marijuana in accordance with this section and the rules adopted to implement and enforce it, by a validly licensed marijuana researcher, shall not be a criminal or civil offense under Washington state law. Every marijuana research license (~~(shall)~~) must be issued in the name of the applicant, (~~(shall)~~) must specify the location at which the marijuana researcher intends to operate, which must be within the state of Washington, and the holder thereof (~~(shall)~~) may not allow any other person to use the license.

(7) The application fee for a marijuana research license is two hundred fifty dollars. The annual fee for issuance and renewal of a marijuana research license is one thousand dollars. Fifty percent of the application fee, the issuance fee, and the renewal fee must be deposited to the life sciences discovery fund under RCW 43.350.070, or, if that fund ceases to exist, to the general fund.

Sec. 1502. RCW 28B.20.502 and 2015 c 71 s 2 are each amended to read as follows:

(1) The University of Washington and Washington State University may conduct scientific research on the efficacy and safety of administering marijuana as part of medical treatment. As part of this research, the University of Washington and Washington State University may develop and conduct studies to ascertain the general medical safety and efficacy of marijuana, and may develop medical guidelines for the appropriate administration and use of marijuana.

(2) The University of Washington and Washington State University may, in accordance with RCW 69.50.--- (section 1, chapter 71, Laws of 2015), contract with marijuana research licensees to conduct research permitted under this section and RCW 69.50.--- (section 1, chapter 71, Laws of 2015).

(3) The University of Washington and Washington State University may contract to conduct marijuana research with an entity licensed to conduct such research by a federally recognized Indian tribe located within the geographical boundaries of the state of Washington.

Sec. 1503. RCW 43.350.030 and 2015 c 71 s 3 are each amended to read as follows:

In addition to other powers and duties prescribed in this chapter, the authority is empowered to:

(1) Use public moneys in the life sciences discovery fund, leveraging those moneys with amounts received from other public and private sources in accordance with contribution agreements, to promote life sciences research;

(2) Solicit and receive gifts, grants, and bequests, and enter into contribution agreements with private entities and public entities other than the state to receive moneys in consideration of the authority's promise to leverage those moneys with amounts received through appropriations from the legislature and contributions from other public entities and private entities, in order to use those moneys to promote life sciences research. Nonstate moneys received by the authority for this purpose shall be deposited in the life sciences discovery fund created in RCW 43.350.070;

(3) Hold funds received by the authority in trust for their use pursuant to this chapter to promote life sciences research;

(4) Manage its funds, obligations, and investments as necessary and as consistent with its purpose including the segregation of revenues into separate funds and accounts;

(5) Make grants to entities pursuant to contract for the promotion of life sciences research to be conducted in the state. Grant agreements (~~shall~~) must specify deliverables to be provided by the recipient pursuant to the grant. The authority shall solicit requests for funding and evaluate the requests by reference to factors such as: (a) The quality of the proposed research; (b) its potential to improve health outcomes, with particular attention to the likelihood that it will also lower health care costs, substitute for a more costly diagnostic or treatment modality, or offer a breakthrough treatment for a particular disease or condition; (c) its potential for leveraging additional funding; (d) its potential to provide health care benefits or benefit human learning and development; (e) its potential to stimulate the health care delivery, biomedical manufacturing, and life sciences related employment in the state; (f) the geographic diversity of the grantees within Washington; (g) evidence of potential royalty income and contractual means to recapture such income for purposes of this chapter; and (h) evidence of public and private collaboration;

(6) Create one or more advisory boards composed of scientists, industrialists, and others familiar with life sciences research;

(7) Review and approve or disapprove marijuana research license applications under RCW 69.50.--- (section 1, chapter 71, Laws of 2015);

(8) Review any reports made by marijuana research licensees under state liquor (~~control~~) and cannabis board rule and provide the state liquor (~~control~~) and cannabis board with its determination on whether the research project continues to meet research qualifications under RCW 69.50.---(1) (section 1, chapter 71, Laws of 2015); and

(9) Adopt policies and procedures to facilitate the orderly process of grant application, review, and reward.

Sec. 1504. RCW 42.56.--- and 2015 c 71 s 4 are each amended to read as follows:

Reports submitted by marijuana research licensees in accordance with rules adopted by the state liquor (~~control~~) and cannabis board under RCW 69.50.--- (section 1, chapter 71, Laws of 2015) that contain proprietary information are exempt from disclosure under this chapter.

PART XVI

Preemption and Public Vote

NEW SECTION. Sec. 1601. A new section is added to chapter 69.50 RCW to read as follows:

(1) Except as provided in subsections (2) through (6) of this section, no city, town, or county may enact or enforce a

moratorium or prohibition on the production, processing, researching, or retail sale of marijuana under this chapter.

(2)(a) Any registered voter of a city, town, or county may submit a petition calling for the city, town, or county to prohibit the siting or operation of any business or facility to be used for the production, processing, researching, or retail sale of marijuana under this chapter. The petition must be signed by thirty percent or more of the voters of the jurisdiction and must be filed with the legislative authority of the applicable city, town, or county. With respect to petitions to be filed with a county under this subsection, only registered voters in the unincorporated area of the county may initiate and sign the petition.

(b) If the legislative authority determines the petition to be sufficient, it must, within sixty days of determining the petition to be sufficient, hold a public hearing on the petition and an implementing ordinance. Following the public hearing, the legislative authority of the city, town, or county must submit the question of prohibiting siting or operation of any business or facility to be used for the production, processing, researching, or retail sale of marijuana products under this chapter to the voters of the jurisdiction at a general election.

(c) If a majority of the voters of the city, town, or county voting in the election approves the prohibition, the prohibition will take effect on the date specified in the petition. If no effective date is specified in the petition, the prohibition takes effect sixty days after the election.

(3) As an alternative to the petition process established in subsection (2) of this section, the legislative authority of any city, town, or county may initiate an ordinance provided for in subsection (2) of this section by submitting a ballot proposition at a general election prohibiting the siting or operation of any business or facility to be used for the production, processing, researching, or retail sale of marijuana under this chapter. If a majority of the voters of the county, city, or town voting in the election approves the prohibition, the prohibition takes effect on the date specified in the ballot proposition. If no effective date is specified in the ballot proposition, the prohibition takes effect sixty days after the election.

(4) With respect to a county enacting an ordinance under this section, the ordinance may only apply to unincorporated areas of the county. No voters within the boundaries of an incorporated city or town may participate in a county election under this section.

(5) Following the passage of an ordinance under subsections (2) and (3) of this section, the state liquor control board may not issue or renew any license under RCW 69.50.325 or section 1501 of this act for the production, processing, researching, or retail sale of marijuana with respect to businesses that are either located or proposed to be located within an area subject to the ordinance.

(6) The legislative authority of a city, town, or county may, by ordinance, repeal a prohibition enacted under this section not less than two years after the prohibition's effective date. After a repeal under this subsection, the state liquor control board may issue and renew licenses under RCW 69.50.325 or section 1501 of this act within the area that had been subject to a prohibition.

(7) Nothing in this section may be construed to extend powers to cities, towns, or counties beyond the power to prohibit the siting or operation of any business or facility to be used for the production, processing, researching, or retail sale of marijuana.

NEW SECTION. Sec. 1602. A new section is added to chapter 36.01 RCW to read as follows:

Notwithstanding any other provision of law, counties also have the authority granted in section 1601 of this act to prohibit by ordinance the siting or operation of any business or facility to be used for the production, processing, researching, or retail sale of marijuana under chapter 69.50 RCW.

NEW SECTION. Sec. 1603. A new section is added to chapter 35A.21 RCW to read as follows:

Notwithstanding any other provision of law, cities and towns also have the authority granted in section 1601 of this act to prohibit by ordinance the siting or operation of any business or facility to be used for the production, processing, researching, or retail sale of marijuana under chapter 69.50 RCW.

NEW SECTION. Sec. 1604. A new section is added to chapter 35A.21 RCW to read as follows:

Notwithstanding any other provision of law, code cities also have the authority granted in section 1601 of this act to prohibit by ordinance the siting or operation of any business or facility to be used for the production, processing, researching, or retail sale of marijuana under chapter 69.50 RCW.

PART XVII

Miscellaneous Provisions

Sec. 1701. RCW 69.50.342 and 2015 c 70 s 7 are each amended to read as follows:

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

(a) The equipment and management of retail outlets and premises where marijuana is produced or processed, and inspection of the retail outlets and premises where marijuana is produced or processed;

(b) The books and records to be created and maintained by licensees, the reports to be made thereon to the state liquor and cannabis board, and inspection of the books and records;

(c) Methods of producing, processing, and packaging marijuana, useable marijuana, marijuana concentrates, and marijuana-infused products; conditions of sanitation; safe handling requirements; approved pesticides and pesticide testing requirements; and standards of ingredients, quality, and identity of marijuana, useable marijuana, marijuana concentrates, and marijuana-infused products produced, processed, packaged, or sold by licensees;

(d) Security requirements for retail outlets and premises where marijuana is produced or processed, and safety protocols for licensees and their employees;

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

(f) Retail outlet locations and hours of operation;

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

(h) Forms to be used for purposes of this chapter and chapter 69.51A RCW or the rules adopted to implement and enforce these chapters, the terms and conditions to be contained in licenses issued under this chapter and chapter 69.51A RCW, and the qualifications for receiving a license issued under this chapter and chapter 69.51A RCW, including a criminal history record information check. The state liquor and cannabis board may submit any criminal history record information check to the Washington state patrol and to the identification division of the federal bureau of investigation in order that these agencies may search their records for prior arrests and convictions of the individual or individuals who filled out the forms. The state liquor and cannabis board (~~shall~~) must require fingerprinting of any applicant whose criminal history record information check is submitted to the federal bureau of investigation;

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

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

(k) Times and periods when, and the manner, methods, and means by which, licensees (~~shall~~) transport and deliver marijuana, marijuana concentrates, useable marijuana, and marijuana-infused products within the state;

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

(2) Rules adopted on retail outlets holding medical marijuana endorsements must be adopted in coordination and consultation with the department.

NEW SECTION. Sec. 1702. RCW 69.50.425 (Misdemeanor violations—Minimum penalties) and 2015 c 265 s 35, 2002 c 175 s 44, & 1989 c 271 s 105 are each repealed.

NEW SECTION. Sec. 1703. (1) Subject to appropriation, if, in addition to any distributions required by section 206 of this act, funding of at least six million dollars per fiscal year for fiscal years 2016 and 2017 is not provided by June 30, 2015, in the omnibus appropriations act for distribution to local governments for marijuana enforcement, this section is null and void. The appropriation in the omnibus appropriations act must reference this section by bill and section number. Distributions to local governments are based on the distribution formula in subsection (2) of this section.

(2)(a) The distribution amount allocated to each county, including the portion for eligible cities within the county, is ratably based on the total amount of taxable sales of marijuana products subject to the marijuana excise tax under RCW 69.50.535 in the prior fiscal year within the county, including all taxable sales attributable to the incorporated areas within the county. Distribution amounts allocated to each county, and eligible cities within the county, must be distributed in four installments by the last day of each fiscal quarter as follows.

(b) Sixty percent must be distributed to each county, except where there is no eligible city with taxable sales of marijuana products in the prior fiscal year, in which case the county must receive one hundred percent of the distribution amount allocated to the county as determined in (a) of this subsection. A county in which the producing, processing, or retailing of marijuana products is prohibited in the unincorporated area of the county is not entitled to a distribution and the distribution amount must be distributed instead to the eligible cities within the county as provided in (c) of this subsection.

(c) After making any distribution to counties as provided in (b) of this subsection, the treasurer must distribute the remaining amount to eligible cities within the counties. The share to each eligible city within a county must be determined by a division among the eligible cities within each county ratably based on total sales, from the prior fiscal year, of all marijuana products subject to the marijuana excise tax under RCW 69.50.535 within the boundaries of each eligible city located within the county. "Eligible city" means any city or town in which sales of marijuana products are attributable to a marijuana retailer, as defined in RCW 69.50.101, located within the boundaries of the city or town.

(d) By September 15th of each year, the state liquor and cannabis board must provide the state treasurer the annual

distribution amount, if any, for each county and city as determined in subsection (2) of this section.

NEW SECTION. Sec. 1704. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 1705. (1) Except as provided otherwise in this section, this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2015.

(2) Except for section 503 of this act, part V of this act takes effect October 1, 2015.

(3) Sections 203 and 1001 of this act take effect July 1, 2016.

(4) Sections 302, 503, 901, 1204, and 1701 of this act and part XV of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect July 24, 2015."

Correct the title.

Representative Carlyle moved the adoption of amendment (528) to amendment (532):

On page 26, line 18 of the striking amendment, after "(9)" insert "Subject to section 1601 of this act, a city, town, or county may adopt an ordinance prohibiting a marijuana producer or marijuana processor from operating or locating a business within areas zoned primarily for residential use or rural use with a minimum lot size of five acres or smaller.

(10)"

Representatives Carlyle and Condotta spoke in favor of the adoption of the amendment to the striking amendment.

Representative Taylor spoke against the adoption of the amendment to the striking amendment.

Division was demanded and the demand was sustained. The Speaker (Representative Moeller presiding) divided the House. The result was 54 - YEAS; 43 - NAYS.

Amendment (528) to amendment (532) was adopted.

Representative Kilduff moved the adoption of amendment (536) to amendment (532):

On page 52, beginning on line 8 of the striking amendment, strike all of section 1301

Re-number the remaining sections consecutively and correct any internal references accordingly.

On page 53, line 2 of the striking amendment, after "operating" insert "a vending machine, as defined in RCW 82.08.080(3) for the sale of marijuana products at retail or"

On page 53, at the beginning of line 3 of the striking amendment, strike "concentrates, marijuana-infused products, or useable marijuana" and insert "products"

Representatives Kilduff, Kilduff (again) and Klippert spoke in favor of the adoption of the amendment to the striking amendment.

Representatives Hurst and Condotta spoke against the adoption of the amendment to the striking amendment.

Amendment (536) to amendment (532) was adopted.

Representative Condotta moved the adoption of amendment (539) to amendment (532):

On page 57, after line 25 of the striking amendment, insert the following:

"NEW SECTION. Sec. 1601. A new section is added to chapter 69.50 RCW to read as follows:

Except as provided in section 1601 of this act, no city, town, or county may enact or enforce a moratorium or prohibition on the production, processing, researching, or retail sale of marijuana under this chapter."

Re-number the remaining sections consecutively and correct any internal references accordingly.

On page 57, beginning on line 28 of the striking amendment, strike all of subsection (1)

Re-number the remaining subsections consecutively and correct any internal references accordingly.

On page 63, line 10 of the striking amendment, after (3) insert "Section 1601 of this act takes effect December 31, 2015.

(4)"

Re-number the remaining subsections consecutively and correct any internal references accordingly.

Representatives Condotta and Hurst spoke in favor of the adoption of the amendment to the striking amendment.

Amendment (539) to amendment (532) was adopted.

Representative Rodne moved the adoption of amendment (529) to amendment (532):

On page 57, beginning on line 24, strike all of part XVI

Re-number the remaining part and sections consecutively and correct any internal references accordingly.

Correct the title.

Representatives Rodne, Kochmar, Klippert, Reykdal and Springer spoke in favor of the adoption of the amendment to the striking amendment.

Representatives Hurst, Sawyer, Condotta and Walsh spoke against the adoption of the amendment to the striking amendment.

An electronic roll call was requested.

The Speaker (Representative Moeller presiding) stated the question before the House to be the adoption of amendment (529) to the striking amendment (532) to Engrossed Second Substitute House Bill No. 2136.

ROLL CALL

The Clerk called the roll on the adoption of amendment (529) to the striking amendment (532) to Engrossed Second Substitute House Bill No. 2136, and the amendment was not adopted by the following vote: Yeas, 61; Nays, 36; Absent, 0; Excused, 1.

Voting yea: Representatives Appleton, Bergquist, Buys, Calder, Carlyle, Chandler, Clibborn, DeBolt, Dent, Dye, Gregory, Griffey, Haler, Hansen, Hargrove, Harmsworth, Hawkins, Hayes, Hudgins, Hunt, G., Johnson, Kilduff, Klippert, Kochmar, Kretz, Kristiansen, Lytton, Magendanz, McCabe, Morris, Moscoso, Muri, Nealey, Orcutt, Orwall, Parker, Pettigrew, Pike, Reykdal, Robinson, Rodne, Santos, Schmick, Scott, Sells, Senn, Shea, Short, Smith, Springer, Stambaugh, Stokesbary, Sullivan, Takko,

Tarleton, Taylor, Tharinger, Van Werven, Vick, Young, and Zeiger

Voting nay: Representatives Blake, Chopp, Cody, Condotta, Dunshee, Farrell, Fey, Fitzgibbon, Goodman, Gregerson, Harris, Holy, Hunt, S., Hunter, Hurst, Jinkins, Kagi, Kirby, Manweller, McBride, McCaslin, Moeller, Ormsby, Ortiz-Self, Peterson, Pollet, Riccelli, Ryu, Sawyer, Stanford, Van De Wege, Walkinshaw, Walsh, Wilcox, Wilson, and Wylie

Excused: Representative MacEwen

Representatives Carlyle and Hurst spoke in favor of the adoption of the striking amendment.

Representatives Condotta, Klippert and Appleton spoke against the adoption of the striking amendment.

Amendment (532), as amended, was adopted.

The bill was ordered engrossed.

There being no objection, the rules were suspended, the second reading considered the third and the bill was placed on final passage.

Representatives Carlyle, Hurst, Cody and Pollet spoke in favor of the passage of the bill.

Representatives Condotta, Orcutt and Condotta (again) spoke against the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Second Engrossed Second Substitute House Bill No. 2136.

MOTION

On motion of Representative Harris, Representative MacEwen was excused.

ROLL CALL

The Clerk called the roll on the final passage of Second Engrossed Second Substitute House Bill No. 2136, and the bill passed the House by the following vote: Yeas, 59; Nays, 38; Absent, 0; Excused, 1.

Voting yea: Representatives Bergquist, Carlyle, Clibborn, Cody, Dunshee, Farrell, Fey, Fitzgibbon, Goodman, Gregerson, Gregory, Hansen, Harmsworth, Hudgins, Hunter, Hurst, Jinkins, Johnson, Kagi, Kilduff, Kirby, Kochmar, Kristiansen, Lytton, Magendanz, McBride, Moeller, Morris, Moscoso, Muri, Nealey, Ormsby, Ortiz-Self, Peterson, Pettigrew, Pollet, Reykdal, Riccelli, Robinson, Ryu, S. Hunt, Santos, Sells, Senn, Springer, Stambaugh, Stanford, Stokesbary, Sullivan, Takko, Tarleton, Tharinger, Van De Wege, Vick, Walkinshaw, Walsh, Wylie, Zeiger and Mr. Speaker.

Voting nay: Representatives Appleton, Blake, Buys, Caldier, Chandler, Condotta, DeBolt, Dent, Dye, G. Hunt, Griffey, Haler, Hargrove, Harris, Hawkins, Hayes, Holy, Klippert, Kretz, Manweller, McCabe, McCaslin, Orcutt, Orwall, Parker, Pike, Rodne, Sawyer, Schmick, Scott, Shea, Short, Smith, Taylor, Van Werven, Wilcox, Wilson and Young.

Excused: Representative MacEwen.

SECOND ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2136, having received the necessary constitutional majority, was declared passed.

There being no objection, the House reverted to the sixth order of business.

SECOND READING

HOUSE BILL NO. 2239, by Representatives Hunter, Lytton, Sullivan and Carlyle

Concerning implementation of a plan for fulfilling Article IX obligations. Revised for 1st Substitute: Concerning implementation of a plan for fulfilling Article IX basic education obligations.

The bill was read the second time.

There being no objection, Engrossed Substitute House Bill No. 2239 was substituted for House Bill No. 2239 and the substitute bill was placed on the second reading calendar.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2239 was read the second time.

With the consent of the house, amendment (515) was withdrawn.

Representative Lytton moved the adoption of amendment (526):

On page 4, at the beginning of line 19, strike "outside" and insert "beyond"

On page 7, after line 19, insert the following:

"(5) Recommendations of the council require the affirmative vote of eight of its members."

Re-number the remaining subsections consecutively and correct any internal references accordingly.

On page 9, line 17, after "enrichments" strike "outside" and insert "beyond"

On page 10, line 5, after "expenditures are" strike "outside" and insert "beyond"

On page 11, after line 31, insert the following:

"Sec. 9. RCW 28A.175.075 and 2013 c 23 s 46 are each amended to read as follows:

(1) The office of the superintendent of public instruction shall establish a state-level building bridges work group that includes K-12 and state agencies that work with youth who have dropped out or are at risk of dropping out of school. The following agencies shall appoint representatives to the work group: The office of the superintendent of public instruction, the workforce training and education coordinating board, the department of early learning, the employment security department, the state board for community and technical colleges, the department of health, the community mobilization office, and the children's services and behavioral health and recovery divisions of the department of social and health services. The work group should also consist of one representative from each of the following agencies and organizations: A statewide organization representing career and technical education programs including skill centers; the juvenile courts or the office of juvenile justice, or both; the Washington association of prosecuting attorneys; the Washington state office of public defense; accredited institutions of higher education; the educational service districts; the area workforce development councils; parent and educator associations; educational opportunity gap oversight and accountability committee; office of the education ombuds; local school districts; agencies or organizations

that provide services to special education students; community organizations serving youth; federally recognized tribes and urban tribal centers; each of the major political caucuses of the senate and house of representatives; and the minority commissions.

(2) To assist and enhance the work of the building bridges programs established in RCW 28A.175.025, the state-level work group shall:

(a) Identify and make recommendations to the legislature for the reduction of fiscal, legal, and regulatory barriers that prevent coordination of program resources across agencies at the state and local level;

(b) Develop and track performance measures and benchmarks for each partner agency or organization across the state including performance measures and benchmarks based on student characteristics and outcomes specified in RCW 28A.175.035(1)(e); and

(c) Identify research-based and emerging best practices regarding prevention, intervention, and retrieval programs.

(3)(a) The work group shall report to the (~~quality education council,~~) appropriate committees of the legislature(,) and the governor on an annual basis beginning December 1, 2007, with proposed strategies for building K-12 dropout prevention, intervention, and reengagement systems in local communities throughout the state including, but not limited to, recommendations for implementing emerging best practices, needed additional resources, and eliminating barriers.

(b) By September 15, 2010, the work group shall report on:

(i) A recommended state goal and annual state targets for the percentage of students graduating from high school;

(ii) A recommended state goal and annual state targets for the percentage of youth who have dropped out of school who should be reengaged in education and be college and work ready;

(iii) Recommended funding for supporting career guidance and the planning and implementation of K-12 dropout prevention, intervention, and reengagement systems in school districts and a plan for phasing the funding into the program of basic education, beginning in the 2011-2013 biennium; and

(iv) A plan for phasing in the expansion of the current school improvement planning program to include state-funded, dropout-focused school improvement technical assistance for school districts in significant need of improvement regarding high school graduation rates.

(4) State agencies in the building bridges work group shall work together, wherever feasible, on the following activities to support school/family/community partnerships engaged in building K-12 dropout prevention, intervention, and reengagement systems:

(a) Providing opportunities for coordination and flexibility of program eligibility and funding criteria;

(b) Providing joint funding;

(c) Developing protocols and templates for model agreements on sharing records and data;

(d) Providing joint professional development opportunities that provide knowledge and training on:

(i) Research-based and promising practices;

(ii) The availability of programs and services for vulnerable youth; and

(iii) Cultural competence.

(5) The building bridges work group shall make recommendations to the governor and the legislature by December 1, 2010, on a state-level and regional infrastructure for coordinating services for vulnerable youth. Recommendations must address the following issues:

(a) Whether to adopt an official conceptual approach or framework for all entities working with vulnerable youth that can support coordinated planning and evaluation;

(b) The creation of a performance-based management system, including outcomes, indicators, and performance measures relating to vulnerable youth and programs serving them, including accountability for the dropout issue;

(c) The development of regional and/or county-level multipartner youth consortia with a specific charge to assist school districts and local communities in building K-12 comprehensive dropout prevention, intervention, and reengagement systems;

(d) The development of integrated or school-based one-stop shopping for services that would:

(i) Provide individualized attention to the neediest youth and prioritized access to services for students identified by a dropout early warning and intervention data system;

(ii) Establish protocols for coordinating data and services, including getting data release at time of intake and common assessment and referral processes; and

(iii) Build a system of single case managers across agencies;

(e) Launching a statewide media campaign on increasing the high school graduation rate; and

(f) Developing a statewide database of available services for vulnerable youth.

Sec. 10. RCW 28A.230.090 and 2014 c 217 s 202 are each amended to read as follows:

(1) The state board of education shall establish high school graduation requirements or equivalencies for students, except as provided in RCW 28A.230.122 and except those equivalencies established by local high schools or school districts under RCW 28A.230.097. The purpose of a high school diploma is to declare that a student is ready for success in postsecondary education, gainful employment, and citizenship, and is equipped with the skills to be a lifelong learner.

(a) Any course in Washington state history and government used to fulfill high school graduation requirements shall consider including information on the culture, history, and government of the American Indian peoples who were the first inhabitants of the state.

(b) The certificate of academic achievement requirements under RCW 28A.655.061 or the certificate of individual achievement requirements under RCW 28A.155.045 are required for graduation from a public high school but are not the only requirements for graduation.

(c) Any decision on whether a student has met the state board's high school graduation requirements for a high school and beyond plan shall remain at the local level. Effective with the graduating class of 2015, the state board of education may not establish a requirement for students to complete a culminating project for graduation.

(d)(i) The state board of education shall adopt rules to implement the career and college ready graduation requirement proposal adopted under board resolution on November 10, 2010, and revised on January 9, 2014, to take effect beginning with the graduating class of 2019 or as otherwise provided in this subsection (1)(d). The rules must include authorization for a school district to waive up to two credits for individual students based on unusual circumstances and in accordance with written policies that must be adopted by each board of directors of a school district that grants diplomas. The rules must also provide that the content of the third credit of mathematics and the content of the third credit of science may be chosen by the student based on the student's interests and high school and beyond plan with agreement of the student's parent or guardian or agreement of the school counselor or principal.

(ii) School districts may apply to the state board of education for a waiver to implement the career and college ready graduation requirement proposal beginning with the graduating class of 2020 or 2021 instead of the graduating class of 2019. In the application, a school district must describe why the waiver is being requested, the specific impediments preventing timely implementation, and efforts that will be taken to achieve implementation with the graduating class proposed under the waiver. The state board of education shall grant a waiver under this subsection (1)(d) to an applying school district at the next subsequent meeting of the board after receiving an application.

(2)(a) In recognition of the statutory authority of the state board of education to establish and enforce minimum high school graduation requirements, the state board shall periodically reevaluate the graduation requirements and shall report such findings to the legislature in a timely manner as determined by the state board.

(b) The state board shall reevaluate the graduation requirements for students enrolled in vocationally intensive and rigorous career and technical education programs, particularly those programs that lead to a certificate or credential that is state or nationally recognized. The purpose of the evaluation is to ensure that students enrolled in these programs have sufficient opportunity to earn a certificate of academic achievement, complete the program and earn the program's certificate or credential, and complete other state and local graduation requirements.

(c) The state board shall forward any proposed changes to the high school graduation requirements to the education committees of the legislature for review ~~((and to the quality education council established under RCW 28A.290.010))~~. The legislature shall have the opportunity to act during a regular legislative session before the changes are adopted through administrative rule by the state board. Changes that have a fiscal impact on school districts, as identified by a fiscal analysis prepared by the office of the superintendent of public instruction, shall take effect only if formally authorized and funded by the legislature through the omnibus appropriations act or other enacted legislation.

(3) Pursuant to any requirement for instruction in languages other than English established by the state board of education or a local school district, or both, for purposes of high school graduation, students who receive instruction in American sign language or one or more American Indian languages shall be considered to have satisfied the state or local school district graduation requirement for instruction in one or more languages other than English.

(4) If requested by the student and his or her family, a student who has completed high school courses before attending high school shall be given high school credit which shall be applied to fulfilling high school graduation requirements if:

(a) The course was taken with high school students, if the academic level of the course exceeds the requirements for seventh and eighth grade classes, and the student has successfully passed by completing the same course requirements and examinations as the high school students enrolled in the class; or

(b) The academic level of the course exceeds the requirements for seventh and eighth grade classes and the course would qualify for high school credit, because the course is similar or equivalent to a course offered at a high school in the district as determined by the school district board of directors.

(5) Students who have taken and successfully completed high school courses under the circumstances in subsection (4) of this section shall not be required to take an additional competency examination or perform any other additional assignment to receive credit.

(6) At the college or university level, five quarter or three semester hours equals one high school credit.

Sec. 11. RCW 28A.300.136 and 2013 c 23 s 49 are each amended to read as follows:

(1) An educational opportunity gap oversight and accountability committee is created to synthesize the findings and recommendations from the 2008 achievement gap studies into an implementation plan, and to recommend policies and strategies to the superintendent of public instruction, the professional educator standards board, and the state board of education to close the achievement gap.

(2) The committee shall recommend specific policies and strategies in at least the following areas:

(a) Supporting and facilitating parent and community involvement and outreach;

(b) Enhancing the cultural competency of current and future educators and the cultural relevance of curriculum and instruction;

(c) Expanding pathways and strategies to prepare and recruit diverse teachers and administrators;

(d) Recommending current programs and resources that should be redirected to narrow the gap;

(e) Identifying data elements and systems needed to monitor progress in closing the gap;

(f) Making closing the achievement gap part of the school and school district improvement process; and

(g) Exploring innovative school models that have shown success in closing the achievement gap.

(3) Taking a multidisciplinary approach, the committee may seek input and advice from other state and local agencies and organizations with expertise in health, social services, gang and violence prevention, substance abuse prevention, and other issues that disproportionately affect student achievement and student success.

(4) The educational opportunity gap oversight and accountability committee shall be composed of the following members:

(a) The chairs and ranking minority members of the house and senate education committees, or their designees;

(b) One additional member of the house of representatives appointed by the speaker of the house and one additional member of the senate appointed by the president of the senate;

(c) A representative of the office of the education ombuds;

(d) A representative of the center for the improvement of student learning in the office of the superintendent of public instruction;

(e) A representative of federally recognized Indian tribes whose traditional lands and territories lie within the borders of Washington state, designated by the federally recognized tribes; and

(f) Four members appointed by the governor in consultation with the state ethnic commissions, who represent the following populations: African-Americans, Hispanic Americans, Asian Americans, and Pacific Islander Americans.

(5) The governor and the tribes are encouraged to designate members who have experience working in and with schools.

(6) The committee may convene ad hoc working groups to obtain additional input and participation from community members. Members of ad hoc working groups shall serve without compensation and shall not be reimbursed for travel or other expenses.

(7) The chair or co-chairs of the committee shall be selected by the members of the committee. Staff support for the committee

shall be provided by the center for the improvement of student learning. Members of the committee shall serve without compensation but must be reimbursed as provided in RCW 43.03.050 and 43.03.060. Legislative members of the committee shall be reimbursed for travel expenses in accordance with RCW 44.04.120.

(8) The superintendent of public instruction, the state board of education, and the professional educator standards board (~~(and the quality education council)~~) shall work collaboratively with the educational opportunity gap oversight and accountability committee to close the achievement gap.

Sec. 12. RCW 28A.400.201 and 2011 1st sp.s. c 43 s 468 are each amended to read as follows:

(1) The legislature recognizes that providing students with the opportunity to access a world-class educational system depends on our continuing ability to provide students with access to world-class educators. The legislature also understands that continuing to attract and retain the highest quality educators will require increased investments. The legislature intends to enhance the current salary allocation model and recognizes that changes to the current model cannot be imposed without great deliberation and input from teachers, administrators, and classified employees. Therefore, it is the intent of the legislature to begin the process of developing an enhanced salary allocation model that is collaboratively designed to ensure the rationality of any conclusions regarding what constitutes adequate compensation.

(2) Beginning July 1, 2011, the office of the superintendent of public instruction, in collaboration with the human resources director in the office of financial management, shall convene a technical working group to recommend the details of an enhanced salary allocation model that aligns state expectations for educator development and certification with the compensation system and establishes recommendations for a concurrent implementation schedule. In addition to any other details the technical working group deems necessary, the technical working group shall make recommendations on the following:

- (a) How to reduce the number of tiers within the existing salary allocation model;
- (b) How to account for labor market adjustments;
- (c) How to account for different geographic regions of the state where districts may encounter difficulty recruiting and retaining teachers;
- (d) The role of and types of bonuses available;
- (e) Ways to accomplish salary equalization over a set number of years; and
- (f) Initial fiscal estimates for implementing the recommendations including a recognition that staff on the existing salary allocation model would have the option to grandfather in permanently to the existing schedule.

(3) As part of its work, the technical working group shall conduct or contract for a preliminary comparative labor market analysis of salaries and other compensation for school district employees to be conducted and shall include the results in any reports to the legislature. For the purposes of this subsection, "salaries and other compensation" includes average base salaries, average total salaries, average employee basic benefits, and retirement benefits.

(4) The analysis required under subsection (1) of this section must:

- (a) Examine salaries and other compensation for teachers, other certificated instructional staff, principals, and other building-level certificated administrators, and the types of classified employees for whom salaries are allocated;

(b) Be calculated at a statewide level that identifies labor markets in Washington through the use of data from the United States bureau of the census and the bureau of labor statistics; and

(c) Include a comparison of salaries and other compensation to the appropriate labor market for at least the following subgroups of educators: Beginning teachers and types of educational staff associates.

(5) The working group shall include representatives of the office of financial management, the professional educator standards board, the office of the superintendent of public instruction, the Washington education association, the Washington association of school administrators, the association of Washington school principals, the Washington state school directors' association, the public school employees of Washington, and other interested stakeholders with appropriate expertise in compensation related matters. The working group may convene advisory subgroups on specific topics as necessary to assure participation and input from a broad array of diverse stakeholders.

(6) The working group shall be monitored and overseen by the legislature (~~(and the quality education council created in RCW 28A.290.010)~~). The working group shall make an initial report to the legislature by June 30, 2012, and shall include in its report recommendations for whether additional further work of the group is necessary.

NEW SECTION. Sec. 13. The following acts or parts of acts are each repealed:

(1) RCW 28A.290.010 (Quality education council—Purpose—Membership and staffing—Reports) and 2013 2nd sp.s. c 25 s 7 & 2011 1st sp.s. c 21 s 54; and

(2) RCW 28A.290.020 (Funding formulas to support instructional program—Technical working group) and 2010 c 236 s 5 & 2009 c 548 s 112."

Renumber the remaining sections consecutively and correct any internal references accordingly.

Correct the title.

Representatives Lytton and Magendanz spoke in favor of the adoption of the amendment.

Amendment (526) was adopted.

Representative Magendanz moved the adoption of amendment (518):

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. INTENT. (1) In its January 2012 ruling in *McCleary v. State*, the state supreme court declared that Engrossed Substitute House Bill No. 2261 (chapter 548, Laws of 2009), "if fully funded," constituted a "promising reform" that would remedy deficiencies in the state's compliance with its paramount duty to make ample provision for the education of its children. In Engrossed Substitute House Bill No. 2261, the legislature revised its previous formulas to establish the prototypical school model, and it directed the quality education council and its technical working groups to recommend the details of necessary formula enhancements to the prototypical school model. The following year, the legislature enacted Substitute House Bill No. 2776 (chapter 236, Laws of 2010), which provided in statute quantification of the formula enhancements and established statutory deadlines for funding and implementation of these deadlines. Specifically, Substitute House Bill No. 2776 called for (a) full funding of the expected cost transportation formula by the 2013-2015 biennium, which the legislature

implemented in the budget for the 2013-2015 biennium, fully funding the model in the 2014-15 school year; (b) full funding of the enhanced formula for materials, supplies, and operating costs by the 2015-16 school year, which both houses of the legislature have funded in the respective 2015-2017 proposed budgets that have passed each chamber; (c) full funding for all-day kindergarten by the 2017-18 school year, which both houses of the legislature have funded in the respective 2015-2017 budgets that have passed each chamber, one year ahead of the statutory deadline; and (d) full funding for K-3 class size reduction by the 2017-18 school year, which both houses of the legislature have funded in a phase-in schedule in the respective 2015-2017 proposed budgets that have passed each chamber, with full implementation planned for the 2017-18 school year.

(2) In its September 2014 order in *McCleary*, the court indicated that it expects the legislature to provide the court with a plan against which to measure the state's progress toward full implementation. As described in subsection (1) of this section, in Substitute House Bill No. 2776 the legislature enacted a comprehensive plan for funding the enhancements to the prototypical school formula, and the legislature has not failed to meet a statutorily prescribed deadline. These enhancements to the funding formula address transportation and materials, supplies, and operating costs, two of the areas identified by the court in which state funding allocations were insufficient to support the state's program of basic education, thereby causing school districts to rely on local levies for implementation of the state's basic education program.

(3) The 2012 *McCleary* ruling also identified a constitutional flaw in the funding formula that predated Engrossed Substitute House Bill No. 2261 and Substitute House Bill No. 2776: State allocations for state-funded staff salaries were insufficient to provide districts with adequate funding to hire and retain teachers for the state's program of basic education. To correct the identified inadequacies of the state salary allocation formulas, the legislature intends to review and quantify the need for additional state allocations so that the state may implement its new salary funding formula in the 2018-19 school year. As a starting point for this task, the legislature finds that the review process should begin with the assumption that the minimum salary cost for the state's program of basic education is the sum of total statewide salary allocations for state-funded employees in the 2014-15 school year plus eighty-five percent of the difference between that amount and total statewide school district actual salary expenditures for state-funded employees in the 2014-15 school year.

(4) The legislature further finds that increased state salary allocations, while a necessary part of the solution, are not a complete solution. The legislature intends to correct the inadequate state salary allocations identified by the court, but it cannot do so without simultaneously addressing the use of and accountability for local levies for enrichments to the state-funded program of basic education, as well as state-funded levy equalization to mitigate the effect of above-average property tax rates for local levies. Revisions to local levy laws must consider sensitivity to tax rates for districts that have relatively low property values. The intricacies of these entwined topics mean that a piecemeal or interim solution is not feasible. Further, due to the complexity of any plan that requires changes to property taxes, a solution requires sufficient lead time to align local levy and state property tax revisions with school year allocations in the state budget.

(5) To fund the constitutionally required revisions to state salary allocations for state-funded employees, and to prevent local levies from being used for the state's program of basic education, the legislature must revise the state property tax while decreasing the amount that school districts may collect in local levies. The

changes to total property tax collections must be revenue-neutral on a statewide basis.

(6) For these reasons, the legislature intends to enact a schedule for researching and enacting policies for fully funding all elements of Engrossed Substitute House Bill No. 2261 on September 1, 2018. As set forth in this act, the legislature intends to review and enact legislation on:

(a)(i) State salary allocations. The state must quantify the portion of salaries for state-funded employees that is part of the state's program of basic education. To ensure that each district receives sufficient state allocations to hire and retain state-funded staff without obligating the state to fund all districts at the highest district cost level, new state funding formulas must contain a localization mechanism. Further, new state funding formulas must eliminate the practice of "grandfathering" salary allocations based on outdated historical funding practices, and they must contain mechanisms for inflationary adjustment; and

(ii) State allocations and purchasing methods for health insurance benefits.

(b) Enrichment and TRI. The state must enact definitions of "enrichment" and authorized TRI that provide school districts with sufficient flexibility to implement local education priorities beyond the state's program of basic education while protecting the state's ability to demonstrate that its allocations fund the state's program of basic education.

(c) State property taxes and local levies. The state must enact new laws governing local levy collections, including local levy bases, rates, or lids, with reductions to local levies offset by changes to the state property tax that are revenue-neutral on a statewide basis. The new local levy system must eliminate the practice of "grandfathering" levy formulas based on outdated historical funding formulas.

(d) State levy equalization. The state must make corresponding changes to its system of levy equalization to mitigate the effect that above-average property tax rates for local levies have on districts' ability to fund enrichments beyond the state's program of basic education.

(e) Transparency and accountability. The state must establish accountability procedures to provide greater clarity and transparency for expenditures of state, federal, and local revenues, including expenditures for the state program of basic education and for local enrichment beyond this program.

PART I

WASHINGTON EDUCATION FUNDING COUNCIL

NEW SECTION. Sec. 101. DEFINITIONS. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise. These definitions apply only for purposes of establishing the duties of the council and the legislature under this chapter. As provided elsewhere in this chapter, the legislature recognizes that some of the terms defined in this section are expressly intended to be redefined by the legislature in future legislation.

(1) "Council" means the Washington education funding council created in section 102 of this act.

(2) "Enrichment" means additional services, instruction, supplies, or similar expenditures that supplement and are not within the state's program of basic education, and that may be funded by local levies consistent with *Seattle School District v. State* (1978) and *McCleary v. State* (2012).

(3) "Levy equalization" means a state-funded program of aid that assists school districts in funding enrichment that supplements the state's program of basic education, and that is intended to mitigate the effect that variations in local property values might have on the ability to fund these supplements locally. The program of local effort assistance established in chapter 28A.500 RCW is an example of "levy equalization."

(4) "Local levies" means maintenance and operation levies collected by school districts under RCW 84.52.053 and 84.52.0531.

(5) "Localization" means a methodology for adjusting state salary allocations to reflect local or regional differences in the cost of salaries necessary to allow school districts to hire and retain state-funded employees for the state's program of basic education.

(6) "State-funded employees" means school district employees for which the state allocates funding pursuant to the prototypical school formula in RCW 28A.150.260 and the omnibus operating appropriations act.

(7) "State's program of basic education" means the instructional program of basic education defined in RCW 28A.150.220.

(8) "TRI" means separate contracts for additional time, responsibility, or incentive, which pursuant to RCW 28A.400.200, may not be used for the provision of services that are part of the state's program of basic education.

NEW SECTION. Sec. 102. WASHINGTON EDUCATION FUNDING COUNCIL CREATED. (1) The legislature intends to fulfill its obligations under Article IX of the state Constitution by completing its implementation of all aspects of chapter 548, Laws of 2009 by September 1, 2018. The funding formulas under chapter 28A.150 RCW to support the state's instructional program must be revised and fully implemented by that date under the schedule of annual benchmarks prescribed in this chapter.

(2) The Washington education funding council is created to advise the legislature as the state moves toward full implementation of the state's program of basic education established pursuant to chapter 548, Laws of 2009 and the financing and revenues necessary to support such program. The council must make recommendations on how the legislature should meet the requirements outlined in chapter 548, Laws of 2009 by September 1, 2018, thereby fulfilling the requirements of the state supreme court in *McCleary v. State*. As provided in this chapter, the council must submit to the legislature recommended changes to state salary allocation formulas and state tax laws to support the state's program of basic education as established under chapter 548, Laws of 2009, along with corresponding recommendations on the state property tax, local levy laws, levy equalization, and other state laws.

(3) As provided in sections 201 and 203 of this act, the council shall submit reports to the governor and the legislature detailing its recommendations, including recommendations for resolving issues or decisions requiring legislative action during the 2016 and 2017 legislative sessions, and recommendations for any funding necessary to complete development and implementation of chapter 548, Laws of 2009. The recommendations must also include the technical details for implementing the recommendations.

(4)(a) The council consists of the following members:

(i) Eight legislators, with two members from each of the two largest caucuses of the senate appointed by the president of the senate and two members from each of the two largest caucuses of the house of representatives appointed by the speaker of the house of representatives;

(ii) The governor, or the governor's designee; and

(iii) The state superintendent of public instruction, or the superintendent's designee.

(b) The council shall select cochairs from among its legislative members.

(c) The council is staffed by the house of representatives office of program research, senate committee services, and the office of financial management, with additional staff support provided by the state entities with representatives on the council.

(5) Recommendations of the council require the affirmative vote of seven of its members.

(6) Legislative members of the council must be reimbursed for travel expenses in accordance with RCW 44.04.120. Nonlegislative members, except those representing an employer or organization, are entitled to be reimbursed for travel expenses in accordance with RCW 43.03.050 and 43.03.060.

(7) The expenses of the council must be paid jointly by the senate and the house of representatives. Council expenditures are subject to approval by the senate facilities and operations committee and the house of representatives executive rules committee, or their successor committees.

NEW SECTION. Sec. 103. WASHINGTON EDUCATION FUNDING COUNCIL MAY ESTABLISH TECHNICAL WORKING GROUPS. (1) The council may also establish technical working groups to advise the task force on technical and practical aspects of proposed policies and formulas.

(2) The technical working group or groups may include representatives of the legislative evaluation and accountability program committee, school district and educational service district financial managers, the Washington association of school business officers, the Washington education association, the Washington association of school administrators, the association of Washington school principals, the Washington state school directors' association, the public school employees of Washington, and other interested stakeholders with expertise in education finance or state revenue.

PART II

SCHEDULE FOR COUNCIL RECOMMENDATIONS AND LEGISLATIVE ENACTMENTS

NEW SECTION. Sec. 201. WASHINGTON EDUCATION FUNDING COUNCIL RECOMMENDATIONS TO THE 2016 LEGISLATURE. By December 1, 2015, the council shall provide the legislature and governor with a report that contains:

(1) Preliminary recommendations for statewide minimum and average salary allocations for certificated instructional staff, certificated administrative staff, and classified staff, including recommendations on localization, to take effect with the 2018-19 school year;

(2) Preliminary recommendations for amount of and mechanisms for state allocations for state-funded school district employee health insurance benefits. In making the recommendations, the council must consider data and analysis submitted by the health care authority to the legislature in June 2015 pursuant to chapter 3, Laws of 2012 2nd sp. sess. to consider the adequacy of and mechanisms for these allocations;

(3)(a) Research describing the current use of TRI and supplemental contracts, broken down by use and estimated dollar amount per use. This research must distinguish among (i) additional services, such as coaching, or similar services rendered outside the school day; (ii) additional services performed during the school day, such as service as a department head; (iii) salary supplements for work "deemed done" or work such as grading papers that would ordinarily be considered part of the teacher's job; (iv) supplemental contracts that are part of the state's program of basic education, such as preparation of individualized education plans; (v) other types of supplemental contracts; and (vi) extra time for professional development;

(b) Research describing, and quantifying if possible, other factors that affect TRI and other supplemental contracts including, but not limited to: Difficulty of attracting staff to particular schools or programs, collective bargaining laws and practices, local compensation philosophy, local cost-of-living differences, and community expectations;

(c) Research describing local levy expenditures on items other than salaries, broken down into specific categories, such as

technology, the transitional bilingual instruction program, special education, the highly capable program, athletics, extracurricular activities, other intermural activities, or equipment;

(4) In light of the research in subsection (3) of this section, recommendations for a statutory definition of enrichment and authorized TRI. The recommendations must be sufficiently specific to provide guidance to school districts and auditors while being sufficiently flexible to allow local innovation. The recommended definition of enrichment may not prohibit use of local levies to hire additional staff for class size reduction beyond that specified in the omnibus appropriations act;

(5) Recommendations on protections for the state to ensure that local levy funding is used only for enrichment, in addition to the provisions of sections 301 through 310 of this act. These may include additional auditing requirements, additional requirements for school district accounting, additional reporting by school districts, and changes to collective bargaining laws or practices; and

(6) Recommendations on policies for levy equalization.

NEW SECTION. Sec. 202. LEGISLATION TO BE ENACTED DURING THE 2016 LEGISLATIVE SESSION. By June 30, 2016, the legislature shall enact legislation that:

(1) Quantifies the portion of locally funded salaries that is the responsibility of the state's program of basic education and establishes preliminary policy guidance for the council to develop a new state salary model for implementation in the 2018-19 school year, which (a) must include localization, (b) may include simplification or elimination of the state certificated instructional staff salary grid, or both, and (c) may include a mechanism for inflationary adjustment;

(2) Establishes preliminary policy guidance for the amount of and mechanisms for state allocations for health insurance benefits for state-funded school district employees. The legislation must consider the work of the joint legislative audit and review committee under chapter 3, Laws of 2012 2nd sp. sess.;

(3) Effective September 1, 2018:

(a) Defines "enrichment";

(b) Defines appropriate use of local levy funding to supplement salaries for state-funded employees; and

(c) Establishes protections that allow the state to demonstrate its funding of the state's program of basic education and that ensures local levy expenditures are outside the state's program of basic education;

(4) Establishes preliminary policy guidance for state property taxes for collection beginning in calendar year 2018. Taken together with the guidance on local levies, the policies must be revenue-neutral on a statewide basis;

(5) Establishes preliminary policy guidance for local levies for collection beginning in calendar year 2018, including a combination of rates, bases, or lids, or any of these. The local levy policy must reflect the newly enacted definition of "enrichment" and the new policies regarding use of local levies to supplement state salary allocations for the state's program of basic education. Taken together with the guidance on state property taxes, the policies must be revenue-neutral on a statewide basis; and

(6) Establishes preliminary policy guidance for any use of state funding as levy equalization beginning in calendar year 2018.

NEW SECTION. Sec. 203. WASHINGTON EDUCATION FUNDING COUNCIL RECOMMENDATIONS TO THE 2017 LEGISLATURE. By December 1, 2016, the council and its technical working groups must make recommendations in a report to the legislature on the following:

(1) Quantification, including methods for future adjustment, of a new salary model for implementation in the 2018-19 school year, including quantification and methods for localization and simplification or elimination of the existing grid;

(2) Quantification of state property tax rates and local levy bases, rates, or lids, with recommended legislation for collection in calendar year 2019, and any necessary state property tax rates or local levy policies to address any need for transition in calendar year 2018; and

(3) Quantification of formulas for levy equalization, beginning by calendar year 2019.

NEW SECTION. Sec. 204. LEGISLATION TO BE ENACTED IN THE 2017 LEGISLATIVE SESSION. By June 30, 2017, the legislature must enact legislation that accomplishes the following:

(1) Enacts a new salary allocation model for the 2018-19 school year, which must include localization, and makes appropriations in the 2017-2019 operating budget for distribution to districts under this model;

(2) Beginning with the 2017-18 school year, establishes a statutory mechanism and appropriates funding for state allocations for health insurance benefits for state-funded employees, which may include a state-operated school employees' benefits board;

(3) Establishes state property tax rates and new bases, rates, or lids for local levies for collection beginning in calendar year 2018 or calendar year 2019, depending on any need for a transitional year in calendar year 2018. These changes to property tax rates must be revenue-neutral on a statewide basis; and

(4) Enacts formulas and makes appropriations for the program of levy equalization, beginning by calendar year 2019.

PART III

TRANSPARENCY AND ACCOUNTABILITY

Sec. 301. RCW 28A.300.173 and 2010 c 236 s 12 are each amended to read as follows:

(1) The office of the superintendent of public instruction shall implement and maintain an internet-based portal that provides ready public access to the state's prototypical school funding model for basic education under RCW 28A.150.260.

(2) The portal must provide (~~citizens~~) the opportunity to view, for each local school building, the following:

(a) Staffing levels and other prototypical school funding elements that are assumed under the state funding formula(~~the portal must also provide~~);

(b) A matrix displaying how individual school districts are deploying those same state resources through their allocation of staff and other resources to school buildings, so that citizens are able to compare the state assumptions to district allocation decisions for each local school building; and

(c) Beginning with the 2018-19 school year financial data, how local levy and other funds are expended to enhance the state-provided staffing levels and other prototypical school funding elements in RCW 28A.150.260.

Sec. 302. RCW 28A.320.330 and 2009 c 460 s 1 are each amended to read as follows:

School districts shall establish the following funds in addition to those provided elsewhere by law:

(1) A general fund for maintenance and operation of the school district to account for all financial operations of the school district except those required to be accounted for in another fund.

(2) A capital projects fund shall be established for major capital purposes. All statutory references to a "building fund" shall mean the capital projects fund so established. Money to be deposited into the capital projects fund shall include, but not be limited to, bond proceeds, proceeds from excess levies authorized by RCW 84.52.053, state apportionment proceeds as authorized by RCW 28A.150.270, earnings from capital projects fund investments as authorized by RCW 28A.320.310 and 28A.320.320, and state forest revenues transferred pursuant to subsection (3) of this section.

Money derived from the sale of bonds, including interest earnings thereof, may only be used for those purposes described in RCW 28A.530.010, except that accrued interest paid for bonds shall be deposited in the debt service fund.

Money to be deposited into the capital projects fund shall include but not be limited to rental and lease proceeds as authorized by RCW 28A.335.060, and proceeds from the sale of real property as authorized by RCW 28A.335.130.

Money legally deposited into the capital projects fund from other sources may be used for the purposes described in RCW 28A.530.010, and for the purposes of:

(a) Major renovation and replacement of facilities and systems where periodical repairs are no longer economical or extend the useful life of the facility or system beyond its original planned useful life. Such renovation and replacement shall include, but shall not be limited to, major repairs, exterior painting of facilities, replacement and refurbishment of roofing, exterior walls, windows, heating and ventilating systems, floor covering in classrooms and public or common areas, and electrical and plumbing systems.

(b) Renovation and rehabilitation of playfields, athletic fields, and other district real property.

(c) The conduct of preliminary energy audits and energy audits of school district buildings. For the purpose of this section:

(i) "Preliminary energy audits" means a determination of the energy consumption characteristics of a building, including the size, type, rate of energy consumption, and major energy using systems of the building.

(ii) "Energy audit" means a survey of a building or complex which identifies the type, size, energy use level, and major energy using systems; which determines appropriate energy conservation maintenance or operating procedures and assesses any need for the acquisition and installation of energy conservation measures, including solar energy and renewable resource measures.

(iii) "Energy capital improvement" means the installation, or modification of the installation, of energy conservation measures in a building which measures are primarily intended to reduce energy consumption or allow the use of an alternative energy source.

(d) Those energy capital improvements which are identified as being cost-effective in the audits authorized by this section.

(e) Purchase or installation of additional major items of equipment and furniture: PROVIDED, That vehicles shall not be purchased with capital projects fund money.

(f)(i) Costs associated with implementing technology systems, facilities, and projects, including acquiring hardware, licensing software, and online applications and training related to the installation of the foregoing. However, the software or applications must be an integral part of the district's technology systems, facilities, or projects.

(ii) Costs associated with the application and modernization of technology systems for operations and instruction including, but not limited to, the ongoing fees for online applications, subscriptions, or software licenses, including upgrades and incidental services, and ongoing training related to the installation and integration of these products and services. However, to the extent the funds are used for the purpose under this subsection (2)(f)(ii), the school district shall transfer to the district's general fund the portion of the capital projects fund used for this purpose. The office of the superintendent of public instruction shall develop accounting guidelines for these transfers in accordance with internal revenue service regulations.

(g) Major equipment repair, painting of facilities, and other major preventative maintenance purposes. However, to the extent the funds are used for the purpose under this subsection (2)(g), the school district shall transfer to the district's general fund the

portion of the capital projects fund used for this purpose. The office of the superintendent of public instruction shall develop accounting guidelines for these transfers in accordance with internal revenue service regulations. Based on the district's most recent two-year history of general fund maintenance expenditures, funds used for this purpose may not replace routine annual preventative maintenance expenditures made from the district's general fund.

(3) A debt service fund to provide for tax proceeds, other revenues, and disbursements as authorized in chapter 39.44 RCW. State forest land revenues that are deposited in a school district's debt service fund pursuant to RCW 79.64.110 and to the extent not necessary for payment of debt service on school district bonds may be transferred by the school district into the district's capital projects fund.

(4) An associated student body fund as authorized by RCW 28A.325.030.

(5) Advance refunding bond funds and refunded bond funds to provide for the proceeds and disbursements as authorized in chapter 39.53 RCW.

(6) By the 2018-19 school year, each school district must establish a local revenue fund for the purpose of accounting for the financial operations of a school district that are paid for from local revenue. Money deposited into the local revenue fund must include, but is not limited to, proceeds from maintenance and operations levies as authorized by RCW 84.52.053, and local effort assistance payments from the state as authorized by RCW 84.52.0531. Districts must track expenditures from this fund separately to account for the usage of local funds within a school district.

Sec. 303. RCW 28A.505.140 and 2006 c 263 s 202 are each amended to read as follows:

(1) Notwithstanding any other provision of law, the superintendent of public instruction shall adopt such rules as will ensure proper budgetary procedures and practices, including monthly financial statements consistent with the provisions of RCW 43.09.200, and this chapter. By the 2018-19 school year, the rules shall require school districts to provide separate accounting of state, federal, and local revenues and expenditures, and also separate accounting of basic education and nonbasic education expenditures.

(2) If the superintendent of public instruction determines upon a review of the budget of any district that said budget does not comply with the budget procedures established by this chapter or by rules adopted by the superintendent of public instruction, or the provisions of RCW 43.09.200, the superintendent shall give written notice of this determination to the board of directors of the local school district.

(3) The local school district, notwithstanding any other provision of law, shall, within thirty days from the date the superintendent of public instruction issues a notice pursuant to subsection (2) of this section, submit a revised budget which meets the requirements of RCW 43.09.200, this chapter, and the rules of the superintendent of public instruction.

Sec. 304. RCW 28A.505.040 and 1995 c 121 s 1 are each amended to read as follows:

(1) On or before the tenth day of July in each year, all school districts shall prepare their budget for the ensuing fiscal year. Beginning with the 2018-19 school year, the annual budget development process shall include the development or update of a four-year budget projection that includes a four-year enrollment projection.

(2) The completed budget must include a summary of the four-year budget projection and four-year enrollment projection and set forth the complete financial plan of the district for the ensuing fiscal year.

(3)(a) Upon completion of their budgets, every school district shall electronically publish a notice stating that the district has completed the budget, posted it electronically, placed it on file in the school district administration office, and that a copy ~~((thereof))~~ of the budget and a summary of the four-year budget projection and enrollment projection will be furnished to any person who calls upon the district for it. ~~((The district shall provide a sufficient number of copies of the budget to meet the reasonable demands of the public.))~~

(b) School districts shall submit one copy of their budget and, beginning with the 2018-19 school year, the four-year budget projection summary and the four-year enrollment projection, to their educational service districts and the office of the superintendent of public instruction for review and comment by July 10th. The superintendent of public instruction may delay the date in this section if the state's operating budget is not finally approved by the legislature until after June 1st.

Sec. 305. RCW 28A.505.050 and 1995 c 121 s 2 are each amended to read as follows:

(1) Upon completion of their budgets as provided in RCW 28A.505.040, every school district shall publish a notice stating that the board of directors will meet for the purpose of fixing and adopting the budget of the district for the ensuing fiscal year.

(2) Such notice shall designate the date, time, and place of said meeting which shall occur no later than the thirty-first day of August for first-class school districts, and the first day of August for second-class school districts.

(3) The notice shall also state that any person may appear ~~((thereat))~~ at the meeting and be heard for or against any part of such budget or, beginning with the 2018-19 school year, the four-year budget projection summary and the four-year enrollment projection. ~~((Said))~~ The notice shall be electronically published and published at least once each week for two consecutive weeks in a newspaper of general circulation in the district, or, if there be none, in a newspaper of general circulation in the county or counties in which such district is a part. The last notice shall be published no later than seven days immediately prior to the hearing.

Sec. 306. RCW 28A.505.060 and 1990 c 33 s 418 are each amended to read as follows:

(1) On the date given in said notice as provided in RCW 28A.505.050 the school district board of directors shall meet at the time and place designated. Any person may appear ~~((thereat))~~ at the meeting and be heard for or against any part of such budget or, beginning with the 2018-19 school year, the four-year budget projection summary and the four-year enrollment projection.

(2) Such hearing may be continued not to exceed a total of two days: PROVIDED, That the budget must be adopted no later than August 31st in first-class school districts, and not later than August 1st in second-class school districts.

(3) Upon conclusion of the hearing, the board of directors shall fix and determine the appropriation from each fund contained in the budget separately, and shall by resolution adopt the budget and the appropriations as so finally determined, and, beginning with the 2018-19 school year, enter the same in the official minutes of the board: PROVIDED, That first-class school districts shall file copies of their adopted budget with their educational service district no later than September 3rd, and second-class school districts shall forward copies of their adopted budget to their educational service district no later than August 3rd for review, alteration, and approval as provided for in RCW 28A.505.070 by the budget review committee.

Sec. 307. RCW 28A.505.100 and 1990 c 33 s 420 are each amended to read as follows:

(1) The budget shall set forth the estimated revenues for the ensuing fiscal year, the estimated revenues from all sources for the

fiscal year current at the time of budget preparation, the actual revenues for the last completed fiscal year, and the reserved and unreserved fund balances for each year. The estimated revenues from all sources for the ensuing fiscal year shall not include any revenue not anticipated to be available during that fiscal year: PROVIDED, That school districts, pursuant to RCW 28A.505.110, can be granted permission by the superintendent of public instruction to include as revenues in their budgets, receivables collectible in future fiscal years.

(2)(a) The budget shall set forth by detailed items or classes the estimated expenditures for the ensuing fiscal year, the estimated expenditures for the fiscal year current at the time of budget preparation, and the actual expenditures for the last completed fiscal year.

(b) The budget shall set forth the state-funded salary amounts, locally funded salary amounts, total salary amounts, full-time equivalents((=)) for each individual certificated instructional staff, certificated administrative staff, and classified staff; and the high, low, and average annual salaries, which shall be displayed by job classification within each budget classification. ~~((If individual salaries within each job classification are not displayed, districts shall provide the individual salaries together with the title or position of the recipient and the total amounts of salary under each budget class upon request.))~~ Additionally, the district's salary schedules shall be displayed.

(3) In districts where negotiations have not been completed, the district may budget the salaries at the current year's rate and restrict fund balance for the amount of anticipated increase in salaries, so long as an explanation shall be attached to the budget on such restriction of fund balance.

NEW SECTION. Sec. 308. A new section is added to chapter 28A.320 RCW to read as follows:

Beginning with the 2018-19 school year, each school district is encouraged to annually use the four-year budget projection and the four-year enrollment projection developed under RCW 28A.505.140 to inform the school district's decisions regarding the district's instructional priorities and program offerings and to communicate this information to the local community.

NEW SECTION. Sec. 309. A new section is added to chapter 43.09 RCW to read as follows:

Beginning with the 2018-19 school year, to ensure local funds are not being expended for basic education purposes except for locally provided salaries as authorized in law, the state auditor's regular financial audits of school districts must include a review of the expenditure of local levy funds, including any supplemental contracts entered into under RCW 28A.400.200.

Sec. 310. RCW 43.09.265 and 1995 c 301 s 16 are each amended to read as follows:

(1) The state auditor shall review the tax levies of all local governments in the regular examinations under RCW 43.09.260.

(2) Beginning with the 2018-19 school year, the state auditor, with the assistance of the department of revenue, shall report within ninety days to the office of the superintendent of public instruction and the education and finance committees of the legislature any findings of local school district noncompliance with statutory restrictions on the use of school district levies.

PART IV

ELIMINATING AND CORRECTING REFERENCES TO THE QUALITY EDUCATION COUNCIL

Sec. 401. RCW 28A.175.075 and 2013 c 23 s 46 are each amended to read as follows:

(1) The office of the superintendent of public instruction shall establish a state-level building bridges work group that includes K-12 and state agencies that work with youth who have dropped out or are at risk of dropping out of school. The following agencies shall appoint representatives to the work group: The office of the

superintendent of public instruction, the workforce training and education coordinating board, the department of early learning, the employment security department, the state board for community and technical colleges, the department of health, the community mobilization office, and the children's services and behavioral health and recovery divisions of the department of social and health services. The work group should also consist of one representative from each of the following agencies and organizations: A statewide organization representing career and technical education programs including skill centers; the juvenile courts or the office of juvenile justice, or both; the Washington association of prosecuting attorneys; the Washington state office of public defense; accredited institutions of higher education; the educational service districts; the area workforce development councils; parent and educator associations; educational opportunity gap oversight and accountability committee; office of the education ombuds; local school districts; agencies or organizations that provide services to special education students; community organizations serving youth; federally recognized tribes and urban tribal centers; each of the major political caucuses of the senate and house of representatives; and the minority commissions.

(2) To assist and enhance the work of the building bridges programs established in RCW 28A.175.025, the state-level work group shall:

(a) Identify and make recommendations to the legislature for the reduction of fiscal, legal, and regulatory barriers that prevent coordination of program resources across agencies at the state and local level;

(b) Develop and track performance measures and benchmarks for each partner agency or organization across the state including performance measures and benchmarks based on student characteristics and outcomes specified in RCW 28A.175.035(1)(e); and

(c) Identify research-based and emerging best practices regarding prevention, intervention, and retrieval programs.

(3)(a) The work group shall report to the ~~((quality education council))~~ appropriate committees of the legislature~~(s))~~ and the governor on an annual basis beginning December 1, 2007, with proposed strategies for building K-12 dropout prevention, intervention, and reengagement systems in local communities throughout the state including, but not limited to, recommendations for implementing emerging best practices, needed additional resources, and eliminating barriers.

(b) By September 15, 2010, the work group shall report on:

(i) A recommended state goal and annual state targets for the percentage of students graduating from high school;

(ii) A recommended state goal and annual state targets for the percentage of youth who have dropped out of school who should be reengaged in education and be college and work ready;

(iii) Recommended funding for supporting career guidance and the planning and implementation of K-12 dropout prevention, intervention, and reengagement systems in school districts and a plan for phasing the funding into the program of basic education, beginning in the 2011-2013 biennium; and

(iv) A plan for phasing in the expansion of the current school improvement planning program to include state-funded, dropout-focused school improvement technical assistance for school districts in significant need of improvement regarding high school graduation rates.

(4) State agencies in the building bridges work group shall work together, wherever feasible, on the following activities to support school/family/community partnerships engaged in building K-12 dropout prevention, intervention, and reengagement systems:

(a) Providing opportunities for coordination and flexibility of program eligibility and funding criteria;

(b) Providing joint funding;

(c) Developing protocols and templates for model agreements on sharing records and data;

(d) Providing joint professional development opportunities that provide knowledge and training on:

(i) Research-based and promising practices;

(ii) The availability of programs and services for vulnerable youth; and

(iii) Cultural competence.

(5) The building bridges work group shall make recommendations to the governor and the legislature by December 1, 2010, on a state-level and regional infrastructure for coordinating services for vulnerable youth. Recommendations must address the following issues:

(a) Whether to adopt an official conceptual approach or framework for all entities working with vulnerable youth that can support coordinated planning and evaluation;

(b) The creation of a performance-based management system, including outcomes, indicators, and performance measures relating to vulnerable youth and programs serving them, including accountability for the dropout issue;

(c) The development of regional and/or county-level multipartner youth consortia with a specific charge to assist school districts and local communities in building K-12 comprehensive dropout prevention, intervention, and reengagement systems;

(d) The development of integrated or school-based one-stop shopping for services that would:

(i) Provide individualized attention to the neediest youth and prioritized access to services for students identified by a dropout early warning and intervention data system;

(ii) Establish protocols for coordinating data and services, including getting data release at time of intake and common assessment and referral processes; and

(iii) Build a system of single case managers across agencies;

(e) Launching a statewide media campaign on increasing the high school graduation rate; and

(f) Developing a statewide database of available services for vulnerable youth.

Sec. 402. RCW 28A.230.090 and 2014 c 217 s 202 are each amended to read as follows:

(1) The state board of education shall establish high school graduation requirements or equivalencies for students, except as provided in RCW 28A.230.122 and except those equivalencies established by local high schools or school districts under RCW 28A.230.097. The purpose of a high school diploma is to declare that a student is ready for success in postsecondary education, gainful employment, and citizenship, and is equipped with the skills to be a lifelong learner.

(a) Any course in Washington state history and government used to fulfill high school graduation requirements shall consider including information on the culture, history, and government of the American Indian peoples who were the first inhabitants of the state.

(b) The certificate of academic achievement requirements under RCW 28A.655.061 or the certificate of individual achievement requirements under RCW 28A.155.045 are required for graduation from a public high school but are not the only requirements for graduation.

(c) Any decision on whether a student has met the state board's high school graduation requirements for a high school and beyond plan shall remain at the local level. Effective with the graduating class of 2015, the state board of education may not establish a requirement for students to complete a culminating project for graduation.

(d)(i) The state board of education shall adopt rules to implement the career and college ready graduation requirement proposal adopted under board resolution on November 10, 2010,

and revised on January 9, 2014, to take effect beginning with the graduating class of 2019 or as otherwise provided in this subsection (1)(d). The rules must include authorization for a school district to waive up to two credits for individual students based on unusual circumstances and in accordance with written policies that must be adopted by each board of directors of a school district that grants diplomas. The rules must also provide that the content of the third credit of mathematics and the content of the third credit of science may be chosen by the student based on the student's interests and high school and beyond plan with agreement of the student's parent or guardian or agreement of the school counselor or principal.

(ii) School districts may apply to the state board of education for a waiver to implement the career and college ready graduation requirement proposal beginning with the graduating class of 2020 or 2021 instead of the graduating class of 2019. In the application, a school district must describe why the waiver is being requested, the specific impediments preventing timely implementation, and efforts that will be taken to achieve implementation with the graduating class proposed under the waiver. The state board of education shall grant a waiver under this subsection (1)(d) to an applying school district at the next subsequent meeting of the board after receiving an application.

(2)(a) In recognition of the statutory authority of the state board of education to establish and enforce minimum high school graduation requirements, the state board shall periodically reevaluate the graduation requirements and shall report such findings to the legislature in a timely manner as determined by the state board.

(b) The state board shall reevaluate the graduation requirements for students enrolled in vocationally intensive and rigorous career and technical education programs, particularly those programs that lead to a certificate or credential that is state or nationally recognized. The purpose of the evaluation is to ensure that students enrolled in these programs have sufficient opportunity to earn a certificate of academic achievement, complete the program and earn the program's certificate or credential, and complete other state and local graduation requirements.

(c) The state board shall forward any proposed changes to the high school graduation requirements to the education committees of the legislature for review (~~and to the quality education council established under RCW 28A.290.010~~). The legislature shall have the opportunity to act during a regular legislative session before the changes are adopted through administrative rule by the state board. Changes that have a fiscal impact on school districts, as identified by a fiscal analysis prepared by the office of the superintendent of public instruction, shall take effect only if formally authorized and funded by the legislature through the omnibus appropriations act or other enacted legislation.

(3) Pursuant to any requirement for instruction in languages other than English established by the state board of education or a local school district, or both, for purposes of high school graduation, students who receive instruction in American sign language or one or more American Indian languages shall be considered to have satisfied the state or local school district graduation requirement for instruction in one or more languages other than English.

(4) If requested by the student and his or her family, a student who has completed high school courses before attending high school shall be given high school credit which shall be applied to fulfilling high school graduation requirements if:

(a) The course was taken with high school students, if the academic level of the course exceeds the requirements for seventh and eighth grade classes, and the student has successfully passed by completing the same course requirements and examinations as the high school students enrolled in the class; or

(b) The academic level of the course exceeds the requirements for seventh and eighth grade classes and the course would qualify for high school credit, because the course is similar or equivalent to a course offered at a high school in the district as determined by the school district board of directors.

(5) Students who have taken and successfully completed high school courses under the circumstances in subsection (4) of this section shall not be required to take an additional competency examination or perform any other additional assignment to receive credit.

(6) At the college or university level, five quarter or three semester hours equals one high school credit.

Sec. 403. RCW 28A.300.136 and 2013 c 23 s 49 are each amended to read as follows:

(1) An educational opportunity gap oversight and accountability committee is created to synthesize the findings and recommendations from the 2008 achievement gap studies into an implementation plan, and to recommend policies and strategies to the superintendent of public instruction, the professional educator standards board, and the state board of education to close the achievement gap.

(2) The committee shall recommend specific policies and strategies in at least the following areas:

(a) Supporting and facilitating parent and community involvement and outreach;

(b) Enhancing the cultural competency of current and future educators and the cultural relevance of curriculum and instruction;

(c) Expanding pathways and strategies to prepare and recruit diverse teachers and administrators;

(d) Recommending current programs and resources that should be redirected to narrow the gap;

(e) Identifying data elements and systems needed to monitor progress in closing the gap;

(f) Making closing the achievement gap part of the school and school district improvement process; and

(g) Exploring innovative school models that have shown success in closing the achievement gap.

(3) Taking a multidisciplinary approach, the committee may seek input and advice from other state and local agencies and organizations with expertise in health, social services, gang and violence prevention, substance abuse prevention, and other issues that disproportionately affect student achievement and student success.

(4) The educational opportunity gap oversight and accountability committee shall be composed of the following members:

(a) The chairs and ranking minority members of the house and senate education committees, or their designees;

(b) One additional member of the house of representatives appointed by the speaker of the house and one additional member of the senate appointed by the president of the senate;

(c) A representative of the office of the education ombuds;

(d) A representative of the center for the improvement of student learning in the office of the superintendent of public instruction;

(e) A representative of federally recognized Indian tribes whose traditional lands and territories lie within the borders of Washington state, designated by the federally recognized tribes; and

(f) Four members appointed by the governor in consultation with the state ethnic commissions, who represent the following populations: African-Americans, Hispanic Americans, Asian Americans, and Pacific Islander Americans.

(5) The governor and the tribes are encouraged to designate members who have experience working in and with schools.

(6) The committee may convene ad hoc working groups to obtain additional input and participation from community members. Members of ad hoc working groups shall serve without compensation and shall not be reimbursed for travel or other expenses.

(7) The chair or cochair of the committee shall be selected by the members of the committee. Staff support for the committee shall be provided by the center for the improvement of student learning. Members of the committee shall serve without compensation but must be reimbursed as provided in RCW 43.03.050 and 43.03.060. Legislative members of the committee shall be reimbursed for travel expenses in accordance with RCW 44.04.120.

(8) The superintendent of public instruction, the state board of education, and the professional educator standards board (~~(, and the quality education council)~~) shall work collaboratively with the educational opportunity gap oversight and accountability committee to close the achievement gap.

Sec. 404. RCW 28A.400.201 and 2011 1st sp.s. c 43 s 468 are each amended to read as follows:

(1) The legislature recognizes that providing students with the opportunity to access a world-class educational system depends on our continuing ability to provide students with access to world-class educators. The legislature also understands that continuing to attract and retain the highest quality educators will require increased investments. The legislature intends to enhance the current salary allocation model and recognizes that changes to the current model cannot be imposed without great deliberation and input from teachers, administrators, and classified employees. Therefore, it is the intent of the legislature to begin the process of developing an enhanced salary allocation model that is collaboratively designed to ensure the rationality of any conclusions regarding what constitutes adequate compensation.

(2) Beginning July 1, 2011, the office of the superintendent of public instruction, in collaboration with the human resources director in the office of financial management, shall convene a technical working group to recommend the details of an enhanced salary allocation model that aligns state expectations for educator development and certification with the compensation system and establishes recommendations for a concurrent implementation schedule. In addition to any other details the technical working group deems necessary, the technical working group shall make recommendations on the following:

(a) How to reduce the number of tiers within the existing salary allocation model;

(b) How to account for labor market adjustments;

(c) How to account for different geographic regions of the state where districts may encounter difficulty recruiting and retaining teachers;

(d) The role of and types of bonuses available;

(e) Ways to accomplish salary equalization over a set number of years; and

(f) Initial fiscal estimates for implementing the recommendations including a recognition that staff on the existing salary allocation model would have the option to grandfather in permanently to the existing schedule.

(3) As part of its work, the technical working group shall conduct or contract for a preliminary comparative labor market analysis of salaries and other compensation for school district employees to be conducted and shall include the results in any reports to the legislature. For the purposes of this subsection, "salaries and other compensation" includes average base salaries, average total salaries, average employee basic benefits, and retirement benefits.

(4) The analysis required under subsection (1) of this section must:

(a) Examine salaries and other compensation for teachers, other certificated instructional staff, principals, and other building-level certificated administrators, and the types of classified employees for whom salaries are allocated;

(b) Be calculated at a statewide level that identifies labor markets in Washington through the use of data from the United States bureau of the census and the bureau of labor statistics; and

(c) Include a comparison of salaries and other compensation to the appropriate labor market for at least the following subgroups of educators: Beginning teachers and types of educational staff associates.

(5) The working group shall include representatives of the office of financial management, the professional educator standards board, the office of the superintendent of public instruction, the Washington education association, the Washington association of school administrators, the association of Washington school principals, the Washington state school directors' association, the public school employees of Washington, and other interested stakeholders with appropriate expertise in compensation related matters. The working group may convene advisory subgroups on specific topics as necessary to assure participation and input from a broad array of diverse stakeholders.

(6) The working group shall be monitored and overseen by the legislature (~~(and the quality education council created in RCW 28A.290.010)~~). The working group shall make an initial report to the legislature by June 30, 2012, and shall include in its report recommendations for whether additional further work of the group is necessary.

NEW SECTION. Sec. 405. The following acts or parts of acts are each repealed:

(1) RCW 28A.290.010 (Quality education council—Purpose—Membership and staffing—Reports) and 2013 2nd sp.s. c 25 s 7 & 2011 1st sp.s. c 21 s 54; and

(2) RCW 28A.290.020 (Funding formulas to support instructional program—Technical working group) and 2010 c 236 s 5 & 2009 c 548 s 112.

PART V

MISCELLANEOUS PROVISIONS

NEW SECTION. Sec. 501. EXPIRATION DATE FOR WASHINGTON EDUCATION FUNDING COUNCIL AND IMPLEMENTATION SCHEDULE. This chapter expires August 1, 2019.

NEW SECTION. Sec. 502. CODIFICATION. Sections 101 through 103, 201 through 204, and 501 of this act constitute a new chapter in Title 28A RCW.

NEW SECTION. Sec. 503. EFFECTIVE DATE. Section 307 of this act takes effect September 1, 2018.

NEW SECTION. Sec. 504. EMERGENCY CLAUSE. Sections 1, 101 through 103, and 201 through 204 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect immediately."

Correct the title.

Representative Magendanz spoke in favor of the adoption of the striking amendment.

Representative Carlyle spoke against the adoption of the striking amendment.

An electronic roll call was requested.

The Speaker (Representative Moeller presiding) stated the question before the House to be the adoption of the striking amendment (518) to Substitute House Bill No. 2239.

ROLL CALL

The Clerk called the roll on the adoption of the striking amendment (518) to Substitute House Bill No. 2239, and the amendment was not adopted by the following vote: Yeas, 45; Nays, 52; Absent, 0; Excused, 1.

Voting yea: Representatives Buys, Caldier, Chandler, Condotta, DeBolt, Dent, Dye, Griffey, Haler, Hargrove, Harmsworth, Harris, Hawkins, Hayes, Holy, Hunt, G., Johnson, Kochmar, Kretz, Kristiansen, Magendanz, Manweller, McCabe, McCaslin, Muri, Nealey, Orcutt, Parker, Pike, Rodne, Schmick, Scott, Shea, Short, Smith, Stambaugh, Stokesbary, Taylor, Van Werven, Vick, Walsh, Wilcox, Wilson, Young, and Zeiger

Voting nay: Representatives Appleton, Bergquist, Blake, Carlyle, Chopp, Clibborn, Cody, Dunshee, Farrell, Fey, Fitzgibbon, Goodman, Gregerson, Gregory, Hansen, Hudgins, Hunt, S., Hunter, Hurst, Jinkins, Kagi, Kilduff, Kirby, Klippert, Lytton, McBride, Moeller, Morris, Moscoso, Ormsby, Ortiz-Self, Orwall, Peterson, Pettigrew, Pollet, Reykdal, Riccelli, Robinson, Ryu, Santos, Sawyer, Sells, Senn, Springer, Stanford, Sullivan, Takko, Tarleton, Tharinger, Van De Wege, Walkinshaw, and Wylie

Excused: Representative MacEwen

The bill was ordered engrossed.

There being no objection, the rules were suspended, the second reading considered the third and the bill was placed on final passage.

Representatives Hunter and Sullivan spoke in favor of the passage of the bill.

Representatives Magendanz and Manweller spoke against the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 2239.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 2239, and the bill passed the House by the following vote: Yeas, 51; Nays, 46; Absent, 0; Excused, 1.

Voting yea: Representatives Appleton, Bergquist, Blake, Carlyle, Clibborn, Cody, Dunshee, Farrell, Fey, Fitzgibbon, Goodman, Gregerson, Gregory, Hansen, Hudgins, Hunter, Hurst, Jinkins, Kagi, Kilduff, Kirby, Lytton, McBride, Moeller, Morris, Moscoso, Ormsby, Ortiz-Self, Orwall, Peterson, Pettigrew, Pollet, Reykdal, Riccelli, Robinson, Ryu, S. Hunt, Santos, Sawyer, Sells, Senn, Springer, Stanford, Sullivan, Takko, Tarleton, Tharinger, Van De Wege, Walkinshaw, Wylie and Mr. Speaker.

Voting nay: Representatives Buys, Caldier, Chandler, Condotta, DeBolt, Dent, Dye, G. Hunt, Griffey, Haler, Hargrove, Harmsworth, Harris, Hawkins, Hayes, Holy, Johnson, Klippert, Kochmar, Kretz, Kristiansen, Magendanz, Manweller, McCabe, McCaslin, Muri, Nealey, Orcutt, Parker, Pike, Rodne, Schmick, Scott, Shea, Short, Smith, Stambaugh, Stokesbary, Taylor, Van Werven, Vick, Walsh, Wilcox, Wilson, Young and Zeiger.

Excused: Representative MacEwen.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2239, having received the necessary constitutional majority, was declared passed.

There being no objection, the House reverted to the fifth order of business.

REPORTS OF STANDING COMMITTEES

June 25, 2015

HB 2211 Prime Sponsor, Representative Pollet: Concerning vapor products, e-cigarette, and nicotine products tax and regulatory reform to support youth substance prevention. Reported by Committee on Finance

MAJORITY recommendation: The substitute bill be substituted therefor and the substitute bill do pass. Signed by Representatives Carlyle, Chair; Tharinger, Vice Chair; Nealey, Ranking Minority Member; Fitzgibbon; Pollet; Robinson; Ryu; Springer; Stokesbary and Wylie.

MINORITY recommendation: Do not pass. Signed by Representatives Condotta; Manweller; Vick and Wilcox.

MINORITY recommendation: Without recommendation. Signed by Representative Reykdal.

Passed to Committee on Rules for second reading.

June 25, 2015

ESHB 2263 Prime Sponsor, Committee on Finance: Providing local governments with options to strengthen their communities by providing services and facilities for people with mental illness, developmental disabilities, and other vulnerable populations, and by increasing access to educational experiences through cultural organizations. Reported by Committee on No committee found

MAJORITY recommendation:

Referred to Committee on .

There being no objection, the bills, memorials and resolutions listed on the day's committee reports under the fifth order of business were referred to the committees so designated with the exception of ENGROSSED SUBSTITUTE HOUSE BILL NO. 2263 which was placed on the second reading calendar.

The Speaker (Representative Moeller presiding) called upon Representative Orwall to preside.

There being no objection, the House advanced to the sixth order of business.

SECOND READING

HOUSE BILL NO. 2263, by Representatives Springer, Walkinshaw, Robinson, Tharinger, Carlyle, McBride, Fitzgibbon and Reykdal

Providing local governments with options to strengthen their communities by providing services and facilities for people with mental illness, developmental disabilities, and other vulnerable populations, and by increasing access to educational experiences through cultural organizations.

The bill was read the second time.

There being no objection, Substitute House Bill No. 2263 was substituted for House Bill No. 2263 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 2263 was read the second time.

There being no objection, the rules were suspended, the second reading considered the third and the bill was placed on final passage.

Representatives Springer, Robinson and Harris spoke in favor of the passage of the bill.

The Speaker (Representative Orwall presiding) stated the question before the House to be the final passage of Substitute House Bill No. 2263.

ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 2263, and the bill passed the House by the following vote: Yeas, 89; Nays, 8; Absent, 0; Excused, 1.

Voting yea: Representatives Appleton, Bergquist, Blake, Buys, Caldier, Carlyle, Chandler, Clibborn, Cody, Condotta, DeBolt, Dent, Dunshee, Dye, Farrell, Fey, Fitzgibbon, G. Hunt, Goodman, Gregerson, Gregory, Griffey, Haler, Hansen, Hargrove, Harmsworth, Harris, Hawkins, Hayes, Holy, Hudgins, Hunter, Hurst, Jinkins, Johnson, Kagi, Kilduff, Kirby, Klippert, Kochmar, Kristiansen, Lytton, Magendanz, Manweller, McBride, McCabe,

Moeller, Morris, Moscoso, Muri, Nealey, Ormsby, Ortiz-Self, Orwall, Parker, Peterson, Pettigrew, Pike, Pollet, Reykdal, Riccelli, Robinson, Rodne, Ryu, S. Hunt, Santos, Schmick, Sells, Senn, Smith, Springer, Stambaugh, Stanford, Stokesbary, Sullivan, Takko, Tarleton, Tharinger, Van De Wege, Van Werven, Vick, Walkinshaw, Walsh, Wilcox, Wilson, Wylie, Young, Zeiger and Mr. Speaker.

Voting nay: Representatives Kretz, McCaslin, Orcutt, Sawyer, Scott, Shea, Short and Taylor.

Excused: Representative MacEwen.

SUBSTITUTE HOUSE BILL NO. 2263, having received the necessary constitutional majority, was declared passed.

The Speaker (Representative Orwall presiding) called upon Representative Riccelli to preside.

There being no objection, the House advanced to the eleventh order of business.

There being no objection, the House adjourned until 10:00 a.m., June 27, 2015, the 30th Day of the Regular Session.

FRANK CHOPP, Speaker

BARBARA BAKER, Chief Clerk

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Messages	1
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Other Action	1
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Committee Report	1
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SPEAKER OF THE HOUSE (Representative Moeller presiding)	
Speaker's Privilege	1