

E2SHB 2136 - S COMM AMD
By Committee on Ways & Means

1 Strike everything after the enacting clause and insert the
2 following:

3 "PART I

4 **Intent and Tax Preference Performance Statement**

5 NEW SECTION. **Sec. 101.** (1)(a) The legislature finds the
6 implementation of Initiative Measure No. 502 has established a
7 clearly disadvantaged regulated legal market with respect to prices
8 and the ability to compete with the unregulated medical dispensary
9 market and the illicit market. The legislature further finds that it
10 is crucial that the state continues to ensure a safe, highly
11 regulated system in Washington that protects valuable state revenues
12 while continuing efforts towards disbanding the unregulated marijuana
13 markets. The legislature further finds that ongoing evaluation on the
14 impact of meaningful marijuana tax reform for the purpose of
15 stabilizing revenues is crucial to the overall effort of protecting
16 the citizens and resources of this state. The legislature further
17 finds that a partnership with local jurisdictions in this effort is
18 imperative to the success of the legislature's policy objective. The
19 legislature further finds that sharing revenues to promote a
20 successful partnership in achieving the legislature's intent should
21 be transparent and hold local jurisdictions accountable for their use
22 of state shared revenues. Therefore, the legislature intends to
23 reform the current tax structure for the regulated legal marijuana
24 system to create price parity with the large medical and illicit
25 markets with the specific objective of increasing the market share of
26 the legal and highly regulated marijuana market. The legislature
27 further intends to share marijuana tax revenues with local
28 jurisdictions for public safety purposes and to facilitate the
29 ongoing process of ensuring a safe regulated marijuana market in all
30 communities across the state.

31 (b) The legislature further finds marijuana use for qualifying
32 patients is a valid and necessary option health care professionals
33 may recommend for their patients. The legislature further finds that

1 while recognizing the difference between recreational and medical use
2 of marijuana, it is also imperative to distinguish that the
3 authorization for medical use of marijuana is different from a valid
4 prescription provided by a doctor to a patient. The legislature
5 further finds the authorization for medical use of marijuana is
6 unlike over-the-counter medications that require no oversight by a
7 health care professional. The legislature further finds that due to
8 the unique characterization of authorizations for the medical use of
9 marijuana, the policy of providing a tax preference benefit for
10 patients using an authorization should in no way be construed as
11 precedent for changes in the treatment of prescription medications or
12 over-the-counter medications. Therefore, the legislature intends to
13 provide qualifying patients and their designated providers a retail
14 sales and use tax exemption on marijuana purchased or obtained for
15 medical use when authorized by a health care professional.

16 (2)(a) This subsection is the tax preference performance
17 statement for the retail sales and use tax exemption for marijuana
18 purchased or obtained by qualifying patients or their designated
19 providers provided in sections 208(1) and 209(1) of this act. The
20 performance statement is only intended to be used for subsequent
21 evaluation of the tax preference. It is not intended to create a
22 private right of action by any party or be used to determine
23 eligibility for preferential tax treatment.

24 (b) The legislature categorizes the tax preference as one
25 intended to accomplish the general purposes indicated in RCW
26 82.32.808(2)(e).

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

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

36 PART II

37 Marijuana Excise Tax, Exemptions, and Distribution of Revenues

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

3 ~~(1)~~ (1) The action, order, or decision of the state liquor
4 ~~((control))~~ and cannabis board as to any denial of an application for
5 the reissuance of a license to produce, process, or sell marijuana,
6 or as to any revocation, suspension, or modification of any license
7 to produce, process, or sell marijuana, ~~((shall))~~ or as to the
8 administrative review of a notice of unpaid trust fund taxes under
9 section 202 of this act, must be an adjudicative proceeding and
10 subject to the applicable provisions of chapter 34.05 RCW.

11 ~~((1))~~ (2) An opportunity for a hearing may be provided to an
12 applicant for the reissuance of a license prior to the disposition of
13 the application, and if no opportunity for a prior hearing is
14 provided then an opportunity for a hearing to reconsider the
15 application must be provided the applicant.

16 ~~((2))~~ (3) An opportunity for a hearing must be provided to a
17 licensee prior to a revocation or modification of any license and,
18 except as provided in subsection ~~((4))~~ (6) of this section, prior
19 to the suspension of any license.

20 ~~((3))~~ (4) An opportunity for a hearing must be provided to any
21 person issued a notice of unpaid trust fund taxes under section 202
22 of this act.

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

26 ~~((4))~~ (6) The state liquor ~~((control))~~ and cannabis board may
27 summarily suspend a license for a period of up to one hundred eighty
28 days without a prior hearing if it finds that public health, safety,
29 or welfare imperatively require emergency action, and it incorporates
30 a finding to that effect in its order. Proceedings for revocation or
31 other action must be promptly instituted and determined. An
32 administrative law judge may extend the summary suspension period for
33 up to one calendar year from the first day of the initial summary
34 suspension in the event the proceedings for revocation or other
35 action cannot be completed during the initial one hundred eighty-day
36 period due to actions by the licensee. The state liquor ~~((control))~~
37 and cannabis board's enforcement division shall complete a
38 preliminary staff investigation of the violation before requesting an
39 emergency suspension by the state liquor ~~((control))~~ and cannabis
40 board.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 **Sec. 203.** RCW 69.50.357 and 2014 c 192 s 4 are each amended to
25 read as follows:

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

31 (2) Licensed marijuana retailers (~~((shall))~~) may not employ persons
32 under twenty-one years of age or allow persons under twenty-one years
33 of age to enter or remain on the premises of a retail outlet.

34 (3) Licensed marijuana retailers (~~((shall))~~) may not display any
35 signage (~~((in a window, on a door, or on the outside of the premises
36 of a retail outlet that is visible to the general public from a
37 public right of way, other than a single sign no larger than one
38 thousand six hundred square inches identifying the retail outlet by
39 the licensee's business or trade name.~~

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

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

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

14 ~~((6))~~ (5) The state liquor ~~((control))~~ and cannabis board
15 ~~((shall))~~ must fine a licensee one thousand dollars for each
16 violation of any subsection of this section. Fines collected under
17 this section must be deposited into the dedicated marijuana ~~((fund))~~
18 account created under RCW 69.50.530.

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

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

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

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

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

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

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

36 (4) The state liquor ~~((control))~~ and cannabis board ~~((shall))~~
37 must fine a licensee one thousand dollars for each violation of
38 subsection (1) of this section. Fines collected under this subsection

1 must be deposited into the dedicated marijuana ((fund)) account
2 created under RCW 69.50.530.

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

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

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

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

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

30 ~~((4))~~ (2) All revenues collected from the marijuana excise
31 ~~((taxes))~~ tax imposed under ~~((subsections (1) through (3) of))~~ this
32 section ~~((shall))~~ must be deposited each day in ~~((a depository~~
33 ~~approved by the state treasurer and transferred to the state~~
34 ~~treasurer to be credited to))~~ the dedicated marijuana ~~((fund))~~
35 account.

36 ~~((5))~~ (3) The ~~((state liquor control board shall))~~ tax imposed
37 in this section must be paid by the buyer to the seller. Each seller
38 must collect from the buyer the full amount of the tax payable on
39 each taxable sale. The tax collected as required by this section is

1 deemed to be held in trust by the seller until paid to the board. If
2 any seller fails to collect the tax imposed in this section or,
3 having collected the tax, fails to pay it as prescribed by the board,
4 whether such failure is the result of the seller's own acts or the
5 result of acts or conditions beyond the seller's control, the seller
6 is, nevertheless, personally liable to the state for the amount of
7 the tax.

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

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

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

12 (c) "Selling price" has the same meaning as in RCW 82.08.010,
13 except that when product is sold under circumstances where the total
14 amount of consideration paid for the product is not indicative of its
15 true value, "selling price" means the true value of the product sold
16 as determined or agreed to by the board.

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

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

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

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

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

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

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

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

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

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

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

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

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

13 ~~((All marijuana excise taxes collected from sales of marijuana,~~
14 ~~useable marijuana, and marijuana infused products under RCW~~
15 ~~69.50.535, and the license fees, penalties, and forfeitures derived~~
16 ~~under chapter 3, Laws of 2013 from marijuana producer, marijuana~~
17 ~~processor, and marijuana retailer licenses shall every three months~~
18 ~~be disbursed by the state liquor control board as follows:~~

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

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

24 (a) One hundred twenty-five thousand dollars to the department of
25 social and health services to design and administer the Washington
26 state healthy youth survey, analyze the collected data, and produce
27 reports, in collaboration with the office of the superintendent of
28 public instruction, department of health, department of commerce,
29 family policy council, and state liquor ~~((control))~~ and cannabis
30 board. The survey ~~((shall))~~ must be conducted at least every two
31 years and include questions regarding, but not necessarily limited
32 to, academic achievement, age at time of substance use initiation,
33 antisocial behavior of friends, attitudes toward antisocial behavior,
34 attitudes toward substance use, laws and community norms regarding
35 antisocial behavior, family conflict, family management, parental
36 attitudes toward substance use, peer rewarding of antisocial
37 behavior, perceived risk of substance use, and rebelliousness. Funds
38 disbursed under this subsection may be used to expand administration

1 of the healthy youth survey to student populations attending
2 institutions of higher education in Washington;

3 ~~((+2))~~ (b) Fifty thousand dollars to the department of social
4 and health services for the purpose of contracting with the
5 Washington state institute for public policy to conduct the cost-
6 benefit evaluation and produce the reports described in RCW
7 69.50.550. This appropriation ~~((shall))~~ ends after production of the
8 final report required by RCW 69.50.550;

9 ~~((+3))~~ (c) Five thousand dollars to the University of Washington
10 alcohol and drug abuse institute for the creation, maintenance, and
11 timely updating of web-based public education materials providing
12 medically and scientifically accurate information about the health
13 and safety risks posed by marijuana use;

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

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

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

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

31 ~~((Fifteen percent))~~ (i) Up to fifteen percent, but at least
32 five million one hundred sixty-six thousand dollars annually, to the
33 department of social and health services division of behavioral
34 health and recovery for ~~((implementation and maintenance))~~ the
35 development, implementation, maintenance, and evaluation of programs
36 and practices aimed at the prevention or reduction of maladaptive
37 substance use, substance-use disorder, substance abuse or substance
38 dependence, as these terms are defined in the Diagnostic and
39 Statistical Manual of Mental Disorders, among middle school and high
40 school age students, whether as an explicit goal of a given program

1 or practice or as a consistently corresponding effect of its
2 implementation, mental health services for children and youth, and
3 services for pregnant and parenting women; PROVIDED, That:

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

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

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

19 (b) ~~((Ten percent))~~ Up to ten percent, but at least three million
20 four hundred forty-four thousand dollars annually, to the department
21 of health for the following:

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

25 ~~((+i))~~ (A) A marijuana use public health hotline that provides
26 referrals to substance abuse treatment providers, utilizes evidence-
27 based or research-based public health approaches to minimizing the
28 harms associated with marijuana use, and does not solely advocate an
29 abstinence-only approach;

30 ~~((+ii))~~ (B) A grants program for local health departments or
31 other local community agencies that supports development and
32 implementation of coordinated intervention strategies for the
33 prevention and reduction of marijuana use by youth; and

34 ~~((+iii))~~ (C) Media-based education campaigns across television,
35 internet, radio, print, and out-of-home advertising, separately
36 targeting youth and adults, that provide medically and scientifically
37 accurate information about the health and safety risks posed by
38 marijuana use; and

39 (ii) The Washington poison control center;

1 (c) (~~Six-tenths of one percent to the University of Washington~~
2 ~~and four-tenths of one percent~~) Up to six-tenths of one percent, but
3 at least two hundred six thousand dollars annually to the University
4 of Washington, and up to four-tenths of one percent, but at least one
5 hundred thirty-eight thousand dollars annually, to Washington State
6 University for research on the short and long-term effects of
7 marijuana use, to include but not be limited to formal and informal
8 methods for estimating and measuring intoxication and impairment, and
9 for the dissemination of such research;

10 (d) (~~Fifty percent to the state basic health plan trust~~
11 ~~account~~) Up to fifty percent, but at least seventeen million two
12 hundred nineteen thousand dollars annually, to be administered by the
13 Washington basic health plan administrator and used as provided under
14 chapter 70.47 RCW;

15 (e) (~~Five percent~~) Up to five percent, but at least one million
16 seven hundred twenty-two thousand dollars annually, to the Washington
17 state health care authority to be expended exclusively through
18 contracts with community health centers to provide primary health and
19 dental care services, migrant health services, and maternity health
20 care services as provided under RCW 41.05.220;

21 (f) (~~Three-tenths of one percent~~) Up to three-tenths of one
22 percent, but at least one hundred three thousand dollars annually, to
23 the office of the superintendent of public instruction to fund grants
24 to building bridges programs under chapter 28A.175 RCW; (~~and~~)

25 (g) (~~The remainder to the general fund.~~) Up to one million
26 eight hundred thousand dollars annually to the department of commerce
27 provided solely for community mobilization purposes as identified in
28 RCW 43.270.020, subject to the amounts appropriated by the
29 legislature for this purpose; and

30 (h) At the end of each fiscal year, the treasurer must transfer
31 any amounts in the dedicated marijuana account that are not
32 appropriated pursuant to subsection (1) of this section and this
33 subsection (2) into the general fund, except as provided in (h)(i) of
34 this subsection (2).

35 (i) Beginning in fiscal year 2018 and each year thereafter, if
36 marijuana excise tax collections deposited into the general fund in
37 the prior fiscal year exceed twenty-five million dollars, then each
38 fiscal year the legislature must appropriate an amount equal to
39 thirty percent of all marijuana excise taxes deposited into the

1 general fund the prior fiscal year to the treasurer for distribution
2 to counties, cities, and towns as follows:

3 (A) Thirty percent must be distributed to counties, cities, and
4 towns where licensed marijuana retailers are physically located. Each
5 jurisdiction must receive a share of the revenue distribution under
6 this subsection (2)(h)(i)(A) based on the proportional share of the
7 total revenues generated in the individual jurisdiction from the
8 taxes collected under RCW 69.50.535, from licensed marijuana
9 retailers physically located in each jurisdiction. For purposes of
10 this subsection (2)(h)(i)(A), one hundred percent of the proportional
11 amount attributed to a retailer physically located in a city or town
12 must be distributed to the city or town.

13 (B) Seventy percent must be distributed to counties, cities, and
14 towns ratably on a per capita basis. Counties must receive sixty
15 percent of the distribution, which shall be disbursed based on each
16 county's total proportional population, including the population
17 within incorporated cities and towns, and cities and towns must
18 receive forty percent of this distribution, which must be based on
19 each city or town's total proportional population. Funds may only be
20 distributed to jurisdictions that do not prohibit the siting of any
21 state licensed marijuana producer, processor, or retailer; except for
22 counties that prohibit the siting of any state licensed marijuana
23 producer, processor, or retailer, but have cities or towns within the
24 county which contain marijuana retail stores, such counties must
25 receive twenty percent of the funds they would otherwise receive if
26 they did not prohibit the siting of marijuana producers, processors,
27 or retailers.

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

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

35 (iv) The total share of marijuana excise tax revenues distributed
36 to counties and cities in (h)(i) of this subsection (2) may not
37 exceed fifteen million dollars per fiscal year through June 30, 2019,
38 and may not exceed twenty million dollars per fiscal year thereafter.

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

4 NEW SECTION. Sec. 207. A new section is added to chapter 69.50
5 RCW to read as follows:

6 (1) The joint legislative audit and review committee must provide
7 a report to the fiscal committees of the state legislature analyzing
8 the incremental cost of legalization of marijuana on local
9 jurisdictions by January 31, 2021. The committee may rely on data
10 provided by local jurisdictions in subsection (2) of this section,
11 along with data from the state liquor and cannabis board, the state
12 treasurer, and the state auditor for the report. The report must
13 include at a minimum the following information:

14 (a) The amount of marijuana tax revenues expended for: (i)
15 General government purposes; (ii) public safety purposes; and (iii)
16 specific costs associated with the licensing and siting of marijuana
17 businesses;

18 (b) The number and type of marijuana-related calls for service
19 and arrests by jurisdiction; and

20 (c) The number and type of liquor and other drug-related calls
21 for service and arrests by jurisdiction.

22 (2) All counties, and cities with a population greater than
23 twenty thousand, receiving more than ten thousand dollars in
24 marijuana excise tax revenue under RCW 69.50.540, must provide the
25 joint legislative audit and review committee a report that includes
26 the information listed in subsection (1) of this section by January
27 31, 2016, and every subsequent January 31st, until January 31, 2020.

28 NEW SECTION. Sec. 208. A new section is added to chapter 82.08
29 RCW to read as follows:

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

32 (a) Sales of marijuana concentrates, useable marijuana, or
33 marijuana-infused products, identified by the department of health
34 under RCW 69.50.--- (section 10, chapter . . ., Laws of 2015 (2SSB
35 5052 (S-1522/15))) to be beneficial for medical use, by marijuana
36 retailers with medical marijuana endorsements to qualifying patients
37 or designated providers who have been issued recognition cards;

1 (b) Sales of products containing THC with a THC concentration of
2 0.3 percent or less to qualifying patients or designated providers
3 who have been issued recognition cards by marijuana retailers with
4 medical marijuana endorsements;

5 (c) Sales of marijuana concentrates, useable marijuana, or
6 marijuana-infused products, identified by the department of health
7 under RCW 69.50.--- (section 10, chapter . . ., Laws of 2015 (2SSB
8 5052 (S-1522/15))) to have a low THC, high CBD ratio, and to be
9 beneficial for medical use, by marijuana retailers with medical
10 marijuana endorsements, to any person;

11 (d) Sales of topical, noningestible products containing THC with
12 a THC concentration of 0.3 percent or less by health care
13 professionals under RCW 69.51A.--- (section 35, chapter . . ., Laws
14 of 2015 (2SSB 5052 (S-1522/15)));

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

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

25 (2) From the effective date of this section until July 1, 2016,
26 the tax levied by RCW 82.08.020 does not apply to sales of marijuana,
27 marijuana concentrates, useable marijuana, marijuana-infused
28 products, or products containing THC with a THC concentration of 0.3
29 percent or less, by collective gardens under RCW 69.51A.085 to
30 qualifying patients or designated providers, if such sales are in
31 compliance with chapter 69.51A RCW.

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

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

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

1 (a) "Cooperative" means a cooperative authorized by and operating
2 in compliance with RCW 69.51A.--- (section 26, chapter . . ., Laws of
3 2015 (2SSB 5052 (S-1522/15))).

4 (b) "Marijuana retailer with a medical marijuana endorsement"
5 means a marijuana retailer permitted under RCW 69.50.--- (section 10,
6 chapter . . ., Laws of 2015 (2SSB 5052 (S-1522/15))) to sell
7 marijuana for medical use to qualifying patients and designated
8 providers.

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

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

18 NEW SECTION. **Sec. 209.** A new section is added to chapter 82.12
19 RCW to read as follows:

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

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

30 (a) The use of marijuana concentrates, useable marijuana, or
31 marijuana-infused products, identified by the department of health
32 under RCW 69.50.--- (section 10, chapter . . ., Laws of 2015 (2SSB
33 5052 (S-1522/15))) to be beneficial for medical use, by qualifying
34 patients or designated providers who have been issued recognition
35 cards and have obtained such products from a marijuana retailer with
36 a medical marijuana endorsement.

37 (b) The use of products containing THC with a THC concentration
38 of 0.3 percent or less by qualifying patients or designated providers
39 who have been issued recognition cards and have obtained such

1 products from a marijuana retailer with a medical marijuana
2 endorsement.

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

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

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

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

15 (d) The use of marijuana concentrates, useable marijuana, or
16 marijuana-infused products, identified by the department of health
17 under RCW 69.50.--- (section 10, chapter . . ., Laws of 2015 (2SSB
18 5052 (S-1522/15))) to have a low THC, high CBD ratio, and to be
19 beneficial for medical use, purchased from marijuana retailers with a
20 medical marijuana endorsement.

21 (e) Health care professionals with respect to the use of products
22 containing THC with a THC concentration of 0.3 percent or less
23 provided at no charge by the health care professionals under RCW
24 69.51A.--- (section 35, chapter . . ., Laws of 2015 (2SSB 5052
25 (S-1522/15))). Each health care professional providing such products
26 at no charge must maintain information establishing eligibility for
27 this exemption in the form and manner required by the department.

28 (f) The use of topical, noningestible products containing THC
29 with a THC concentration of 0.3 percent or less by qualifying
30 patients when purchased from or provided at no charge by a health
31 care professional under RCW 69.51A.--- (section 35, chapter . . .,
32 Laws of 2015 (2SSB 5052 (S-1522/15))).

33 (g) The use of:

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

38 (ii) Any nonmonetary resources and labor by a cooperative when
39 contributed by its members. However, nothing in this subsection
40 (2)(g) may be construed to exempt the individual members of a

1 cooperative from the tax imposed in RCW 82.12.020 on the use of any
2 property or services purchased by the member and contributed to the
3 cooperative.

4 (3) The definitions in section 208 of this act apply to this
5 section.

6 NEW SECTION. **Sec. 210.** The provisions of RCW 82.32.805 and
7 82.32.808(8) do not apply to the exemptions in sections 208 and 209
8 of this act.

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

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

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

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

25 (i) "Bundled transaction" means:

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

30 (B) A marijuana product provided free of charge with the required
31 purchase of another product. A marijuana product is provided free of
32 charge if the sales price of the product purchased does not vary
33 depending on the inclusion of the marijuana product provided free of
34 charge.

35 (ii) "Distinct and identifiable products" does not include
36 packaging such as containers, boxes, sacks, bags, and bottles, or
37 materials such as wrapping, labels, tags, and instruction guides,
38 that accompany the retail sale of the products and are incidental or

1 immaterial to the retail sale thereof. Examples of packaging that are
2 incidental or immaterial include grocery sacks, shoeboxes, and dry
3 cleaning garment bags.

4 (iii) "Marijuana product" means "useable marijuana," "marijuana
5 concentrates," and "marijuana-infused products" as defined in RCW
6 69.50.101.

7 (iv) "Selling price" has the same meaning as in RCW 82.08.010,
8 except that when product is sold under circumstances where the total
9 amount of consideration paid for the product is not indicative of its
10 true value, "selling price" means the true value of the product sold
11 as determined or agreed to by the state liquor and cannabis board.

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

19 NEW SECTION. **Sec. 212.** A new section is added to chapter 69.50
20 RCW to read as follows:

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

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

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

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

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

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

PART III

Marijuana Business: Buffers and Licensee Residency

Sec. 301. RCW 69.50.331 and 2013 c 3 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 (~~control~~) 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 (~~control~~) and cannabis board may consider any prior criminal conduct of the applicant including an administrative violation history record with the state liquor (~~control~~) and cannabis board and a criminal history record information check. The state liquor (~~control~~) 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 (~~control~~) 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 (~~control~~) 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 (~~control~~) and cannabis board to any staff member the board

1 designates in writing. Conditions for granting this authority
2 (~~shall~~) must be adopted by rule. No license of any kind may be
3 issued to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (b) The incorporated city or town through the official or
11 employee selected by it, or the county legislative authority or the
12 official or employee selected by it, (~~shall have~~) has the right to
13 file with the state liquor (~~control~~) and cannabis board within
14 twenty days after the date of transmittal of the notice for
15 applications, or at least thirty days prior to the expiration date
16 for renewals, written objections against the applicant or against the
17 premises for which the new or renewed license is asked. The state
18 liquor (~~control~~) and cannabis board may extend the time period for
19 submitting written objections.

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

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

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

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

16 (c) A city, county, or town may permit the licensing of research
17 premises allowed under section 1001, chapter . . ., Laws of 2015
18 (Senate Bill No. 5121) within one thousand feet but not less than one
19 hundred feet of the facilities described in (a) of this subsection by
20 enacting an ordinance authorizing such distance reduction, provided
21 that the ordinance will not negatively impact the jurisdiction's
22 civil regulatory enforcement, criminal law enforcement, public
23 safety, or public health.

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

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

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

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

37 (9) In determining whether to grant or deny a license or renewal
38 of any license, the state liquor (~~control~~) and cannabis board
39 (~~shall~~) must give substantial weight to objections from an
40 incorporated city or town or county legislative authority based upon

1 chronic illegal activity associated with the applicant's operations
2 of the premises proposed to be licensed or the applicant's operation
3 of any other licensed premises, or the conduct of the applicant's
4 patrons inside or outside the licensed premises. "Chronic illegal
5 activity" means (a) a pervasive pattern of activity that threatens
6 the public health, safety, and welfare of the city, town, or county
7 including, but not limited to, open container violations, assaults,
8 disturbances, disorderly conduct, or other criminal law violations,
9 or as documented in crime statistics, police reports, emergency
10 medical response data, calls for service, field data, or similar
11 records of a law enforcement agency for the city, town, county, or
12 any other municipal corporation or any state agency; or (b) an
13 unreasonably high number of citations for violations of RCW 46.61.502
14 associated with the applicant's or licensee's operation of any
15 licensed premises as indicated by the reported statements given to
16 law enforcement upon arrest.

17 PART IV

18 Consumption of Marijuana in a Public Place

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

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

26 (2) For the purposes of this section, "public place" has the same
27 meaning as defined in RCW 66.04.010, but the exclusions in RCW
28 66.04.011 do not apply.

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

31 PART V

32 Transportation of Marijuana Products

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

35 (1) A licensed marijuana producer, marijuana processor, marijuana
36 researcher, or marijuana retailer, or their employees, in accordance

1 with the requirements of this chapter and the administrative rules
2 adopted thereunder, may use the services of a common carrier subject
3 to regulation under chapters 81.28 and 81.29 RCW and licensed in
4 compliance with the regulations established under section 502 of this
5 act, to physically transport or deliver marijuana, useable marijuana,
6 marijuana concentrates, and marijuana-infused products within the
7 state.

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

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

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

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

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

26 (4) The possession of marijuana, useable marijuana, marijuana
27 concentrates, and marijuana-infused products being physically
28 transported or delivered within the state, in amounts not exceeding
29 those that may be established under section 502(3) of this act, by a
30 licensed employee of a common carrier when performing the duties
31 authorized under, and in accordance with, this section and section
32 502 of this act, is not a violation of this section, this chapter, or
33 any other provision of Washington state law.

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

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

1 (2) The rules for licensing must:

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

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

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

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

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

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

20 **Sec. 503.** RCW 69.50.4013 and 2013 c 3 s 20 are each amended to
21 read as follows:

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

27 (2) Except as provided in RCW 69.50.4014, any person who violates
28 this section is guilty of a class C felony punishable under chapter
29 9A.20 RCW.

30 (3)(a) The possession, by a person twenty-one years of age or
31 older, of useable marijuana, marijuana concentrates, or marijuana-
32 infused products in amounts that do not exceed those set forth in RCW
33 69.50.360(3) is not a violation of this section, this chapter, or any
34 other provision of Washington state law.

35 (b) The possession of marijuana, useable marijuana, marijuana
36 concentrates, and marijuana-infused products being physically
37 transported or delivered within the state, in amounts not exceeding
38 those that may be established under section 502(3) of this act, by a
39 licensed employee of a common carrier when performing the duties

1 authorized in accordance with sections 501 and 502 of this act, is
2 not a violation of this section, this chapter, or any other provision
3 of Washington state law.

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

6 The requirements of this chapter do not apply to:

7 (1) A person who is employed exclusively or regularly by one
8 employer and performs the functions of a private security guard
9 solely in connection with the affairs of that employer, if the
10 employer is not a private security company. However, in accordance
11 with section 501 of this act, an employee engaged in marijuana-
12 related transportation or delivery services on behalf of a common
13 carrier must be licensed as an armed private security guard under
14 this chapter in order to be authorized to carry or use a firearm
15 while providing such services;

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

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

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

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

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

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

37 (b) The exemption provided in this subsection applies only when a
38 crowd has assembled for the purpose of attending or taking part in an

1 organized event, including preevent assembly, event operation hours,
2 and postevent departure activities.

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

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

9 **PART VI**

10 **Funding for Marijuana Health Awareness Program**

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

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

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

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

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

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

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

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

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

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

15 PART VII

16 Cannabis Health and Beauty Aid Exemption

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

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

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

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

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

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

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

30 PART VIII

31 Signage and Public Notice Requirements

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

34 (1) Applicants for a marijuana producer's, marijuana processor's,
35 marijuana researcher's or marijuana retailer's license under this
36 chapter must display a sign provided by the state liquor and cannabis

1 board on the outside of the premises to be licensed notifying the
2 public that the premises are subject to an application for such
3 license. The sign must:

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

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

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

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

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

21 **PART IX**

22 **Marijuana-Infused Products and Concentrates**

23 **Sec. 901.** RCW 69.50.101 and 2014 c 192 s 1 are each amended to
24 read as follows:

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

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

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

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

36 (b) "Agent" means an authorized person who acts on behalf of or
37 at the direction of a manufacturer, distributor, or dispenser. It

1 does not include a common or contract carrier, public
2 warehouseperson, or employee of the carrier or warehouseperson.

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

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

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

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

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

20 (2) The term does not include:

21 (i) a controlled substance;

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

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

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

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

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

36 (h) "Dispense" means the interpretation of a prescription or
37 order for a controlled substance and, pursuant to that prescription
38 or order, the proper selection, measuring, compounding, labeling, or
39 packaging necessary to prepare that prescription or order for
40 delivery.

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

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

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

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

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

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

24 (o) "Immediate precursor" means a substance:

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

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

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

32 (p) "Isomer" means an optical isomer, but in subsection ((+z+))
33 (bb)(5) of this section, RCW 69.50.204(a) (12) and (34), and
34 69.50.206(b)(4), the term includes any geometrical isomer; in RCW
35 69.50.204(a) (8) and (42), and 69.50.210(c) the term includes any
36 positional isomer; and in RCW 69.50.204(a)(35), 69.50.204(c), and
37 69.50.208(a) the term includes any positional or geometric isomer.

38 (q) "Lot" means a definite quantity of marijuana, useable
39 marijuana, marijuana concentrates, or marijuana-infused product
40 identified by a lot number, every portion or package of which is

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

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

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

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

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

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

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

37 (v) "Marijuana processor" means a person licensed by the state
38 liquor (~~control~~) and cannabis board to process marijuana into
39 useable marijuana, marijuana concentrates, and marijuana-infused
40 products, package and label useable marijuana, marijuana

1 concentrates, and marijuana-infused products for sale in retail
2 outlets, and sell useable marijuana, marijuana concentrates, and
3 marijuana-infused products at wholesale to marijuana retailers.

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

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

10 (y) "Marijuana-infused products" means products that contain
11 marijuana or marijuana extracts, are intended for human use, are
12 derived from marijuana as defined in subsection (t) of this section,
13 and have a THC concentration no greater than ~~((0.3))~~ ten percent
14 ~~((and no greater than sixty percent))~~. The term "marijuana-infused
15 products" does not include either useable marijuana or marijuana
16 concentrates.

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

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

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

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

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

39 (3) Poppy straw and concentrate of poppy straw.

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

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

5 (6) Cocaine base.

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

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

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

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

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

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

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

28 (1) A physician under chapter 18.71 RCW; a physician assistant
29 under chapter 18.71A RCW; an osteopathic physician and surgeon under
30 chapter 18.57 RCW; an osteopathic physician assistant under chapter
31 18.57A RCW who is licensed under RCW 18.57A.020 subject to any
32 limitations in RCW 18.57A.040; an optometrist licensed under chapter
33 18.53 RCW who is certified by the optometry board under RCW 18.53.010
34 subject to any limitations in RCW 18.53.010; a dentist under chapter
35 18.32 RCW; a podiatric physician and surgeon under chapter 18.22 RCW;
36 a veterinarian under chapter 18.92 RCW; a registered nurse, advanced
37 registered nurse practitioner, or licensed practical nurse under
38 chapter 18.79 RCW; a naturopathic physician under chapter 18.36A RCW
39 who is licensed under RCW 18.36A.030 subject to any limitations in
40 RCW 18.36A.040; a pharmacist under chapter 18.64 RCW or a scientific

1 investigator under this chapter, licensed, registered or otherwise
2 permitted insofar as is consistent with those licensing laws to
3 distribute, dispense, conduct research with respect to or administer
4 a controlled substance in the course of their professional practice
5 or research in this state.

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

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

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

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

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

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

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

38 ~~((kk))~~ (mm) "THC concentration" means percent of delta-9
39 tetrahydrocannabinol content per dry weight of any part of the plant
40 *Cannabis*, or per volume or weight of marijuana product, or the

1 combined percent of delta-9 tetrahydrocannabinol and
2 tetrahydrocannabinolic acid in any part of the plant *Cannabis*
3 regardless of moisture content.

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

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

12 PART X

13 Dedicated Marijuana Account

14 **Sec. 1001.** RCW 69.50.530 and 2013 c 3 s 26 are each amended to
15 read as follows:

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

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

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

1 **PART XI**

2 **Synthetic Cannabinoids and Bath Salts**

3 NEW SECTION. **Sec. 1101.** A new section is added to chapter 69.50
4 RCW to read as follows:

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

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

18 **Sec. 1102.** RCW 69.50.204 and 2010 c 177 s 2 are each amended to
19 read as follows:

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

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

27 (1) Acetyl-alpha-methylfentanyl (N-[1-(1-methyl-2-phenethyl)-4-
28 piperidinyl]-N-phenylacetamide);

29 (2) Acetylmethadol;

30 (3) Allylprodine;

31 (4) Alphacetylmethadol, except levo-alphacetylmethadol, also
32 known as levo-alpha-acetylmethadol, levomethadyl acetate, or LAAM;

33 (5) Alphameprodine;

34 (6) Alphamethadol;

35 (7) Alpha-methylfentanyl (N-[1-(alpha-methyl-beta-phenyl)
36 ethyl-4-piperidyl] propionanilide); (1-(1-methyl-2-phenylethyl)-4-(N-
37 propanilido) piperidine);

- 1 (8) Alpha-methylthiofentanyl (N-[1-methyl-2-(2-thienyl)ethyl-4-
- 2 piperidinyl]-N-phenylpropanamide);
- 3 (9) Benzethidine;
- 4 (10) Betacetylmethadol;
- 5 (11) Beta-hydroxyfentanyl (N-[1-(2-hydroxy-2-phenethyl)-4-
- 6 piperidinyl]-N-phenylpropanamide);
- 7 (12) Beta-hydroxy-3-methylfentanyl, some trade or other names: N-
- 8 [1-(2-hydrox-2-phenethyl)-3-methyl-4-piperidinyl]-N-
- 9 phenylpropanamide;
- 10 (13) Betameprodine;
- 11 (14) Betamethadol;
- 12 (15) Betaprodine;
- 13 (16) Clonitazene;
- 14 (17) Dextromoramide;
- 15 (18) Diampromide;
- 16 (19) Diethylthiambutene;
- 17 (20) Difenoxyin;
- 18 (21) Dimenoxadol;
- 19 (22) Dimepheptanol;
- 20 (23) Dimethylthiambutene;
- 21 (24) Dioxaphetyl butyrate;
- 22 (25) Dipipanone;
- 23 (26) Ethylmethylthiambutene;
- 24 (27) Etonitazene;
- 25 (28) Etoxeridine;
- 26 (29) Furethidine;
- 27 (30) Hydroxypethidine;
- 28 (31) Ketobemidone;
- 29 (32) Levomoramide;
- 30 (33) Levophenacylmorphan;
- 31 (34) 3-Methylfentanyl (N-[3-methyl-1-(2-phenylethyl)-4-
- 32 piperidyl]-N-phenylprop anamide);
- 33 (35) 3-Methylthiofentanyl (N-[(3-methyl-1-(2-thienyl)ethyl-4-
- 34 piperidinyl]-N-phenylpropanamide);
- 35 (36) Morpheridine;
- 36 (37) MPPP (1-methyl-4-phenyl-4-propionoxypiperidine);
- 37 (38) Noracymethadol;
- 38 (39) Norlevorphanol;
- 39 (40) Normethadone;
- 40 (41) Norpipanone;

- 1 (42) Para-fluorofentanyl (N-(4-fluorophenyl)-N-[1-(2-
2 phenethyl)-4-piperidinyl] propanamide);
3 (43) PEPAP(1-(-2-phenethyl)-4-phenyl-4-acetoxypiperidine);
4 (44) Phenadoxone;
5 (45) Phenampromide;
6 (46) Phenomorphan;
7 (47) Phenoperidine;
8 (48) Piritramide;
9 (49) Proheptazine;
10 (50) Properidine;
11 (51) Propiram;
12 (52) Racemoramide;
13 (53) Thiofentanyl (N-phenyl-N-[1-(2-thienyl)ethyl-4-piperidinyl]-
14 propanamide);
15 (54) Tilidine;
16 (55) Trimeperidine.
17 (b) Opium derivatives. Unless specifically excepted or unless
18 listed in another schedule, any of the following opium derivatives,
19 including their salts, isomers, and salts of isomers whenever the
20 existence of those salts, isomers, and salts of isomers is possible
21 within the specific chemical designation:
22 (1) Acetorphine;
23 (2) Acetyldihydrocodeine;
24 (3) Benzylmorphine;
25 (4) Codeine methylbromide;
26 (5) Codeine-N-Oxide;
27 (6) Cyprenorphine;
28 (7) Desomorphine;
29 (8) Dihydromorphine;
30 (9) Drotebanol;
31 (10) Etorphine, except hydrochloride salt;
32 (11) Heroin;
33 (12) Hydromorphanol;
34 (13) Methyldesorphine;
35 (14) Methyldihydromorphine;
36 (15) Morphine methylbromide;
37 (16) Morphine methylsulfonate;
38 (17) Morphine-N-Oxide;
39 (18) Myrophine;
40 (19) Nicocodeine;

- 1 (20) Nicomorphine;
- 2 (21) Normorphine;
- 3 (22) Pholcodine;
- 4 (23) Thebacon.

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

- 13 (1) Alpha-ethyltryptamine: Some trade or other names:
14 Etryptamine; monase; a-ethyl-1H-indole-3-ethanamine; 3-(2-aminobutyl)
15 indole; a-ET; and AET;
- 16 (2) 4-bromo-2,5-dimethoxy-amphetamine: Some trade or other names:
17 4-bromo-2,5-dimethoxy-a-methylphenethylamine; 4-bromo-2,5-DMA;
- 18 (3) 4-bromo-2,5-dimethoxyphenethylamine: Some trade or other
19 names: 2-(4-bromo-2,5-dimethoxyphenyl)-1-aminoethane; alpha-desmethyl
20 DOB; 2C-B, nexus;
- 21 (4) 2,5-dimethoxyamphetamine: Some trade or other names: 2,5-
22 dimethoxy-a-methylphenethylamine; 2,5-DMA;
- 23 (5) 2,5-dimethoxy-4-ethylamphetamine (DOET);
- 24 (6) 2,5-dimethoxy-4-(n)-propylthiophenethylamine: Other name:
25 2C-T-7;
- 26 (7) 4-methoxyamphetamine: Some trade or other names: 4-methoxy-a-
27 methylphenethylamine; paramethoxyamphetamine, PMA;
- 28 (8) 5-methoxy-3,4-methylenedioxy-amphetamine;
- 29 (9) 4-methyl-2,5-dimethoxy-amphetamine: Some trade and other
30 names: 4-methyl-2,5-dimethoxy-a-methylphenethylamine; "DOM"; and
31 "STP";
- 32 (10) 3,4-methylenedioxy amphetamine;
- 33 (11) 3,4-methylenedioxymethamphetamine (MDMA);
- 34 (12) 3,4-methylenedioxy-N-ethylamphetamine, also known as N-
35 ethyl-alpha-methyl-3,4(methylenedioxy)phenethylamine, N-ethyl MDA,
36 MDE, MDEA;
- 37 (13) N-hydroxy-3,4-methylenedioxyamphetamine also known as
38 N-hydroxy-alpha-methyl-3,4(methylenedioxy)phenethylamine, N-hydroxy
39 MDA;
- 40 (14) 3,4,5-trimethoxy amphetamine;

- 1 (15) Alpha-methyltryptamine: Other name: AMT;
- 2 (16) Bufotenine: Some trade or other names: 3-(beta-
3 Dimethylaminoethyl)-5-hydroxyindole; 3-(2-dimethylaminoethyl)-5-
4 indolol; N, N-dimethylserotonin; 5-hydroxy-N,N-dimethyltryptamine;
5 mappine;
- 6 (17) Diethyltryptamine: Some trade or other names: N,N-
7 Diethyltryptamine; DET;
- 8 (18) Dimethyltryptamine: Some trade or other names: DMT;
- 9 (19) 5-methoxy-N,N-diisopropyltryptamine: Other name: 5-MeO-DIPT;
- 10 (20) Ibogaine: Some trade or other names: 7-Ethyl-6,6 beta,
11 7,8,9,10,12,13,-octahydro-2-methoxy-6,9-methano-5H-pyndo (1',2' 1,2)
12 azepino (5,4-b) indole; Tabernanthe iboga;
- 13 (21) Lysergic acid diethylamide;
- 14 (22) Marihuana or marijuana;
- 15 (23) Mescaline;
- 16 (24) Parahexyl-7374: Some trade or other names: 3-Hexyl-1-
17 hydroxy-7, 8, 9, 10-tetrahydro-6, 6, 9-trimethyl-6H-
18 dibenzo[b,d]pyran; synhexyl;
- 19 (25) Peyote, meaning all parts of the plant presently classified
20 botanically as Lophophora Williamsii Lemaire, whether growing or not,
21 the seeds thereof, any extract from any part of such plant, and every
22 compound, manufacture, salts, derivative, mixture, or preparation of
23 such plant, its seeds, or extracts; (interprets 21 U.S.C. Sec. 812
24 (c), Schedule I (c)(12));
- 25 (26) N-ethyl-3-piperidyl benzilate;
- 26 (27) N-methyl-3-piperidyl benzilate;
- 27 (28) Psilocybin;
- 28 (29) Psilocyn;
- 29 (30) Tetrahydrocannabinols, meaning tetrahydrocannabinols
30 naturally contained in a plant of the genus Cannabis (cannabis
31 plant), as well as synthetic equivalents of the substances contained
32 in the plant, or in the resinous extractives of Cannabis, species,
33 and/or synthetic substances, derivatives, and their isomers with
34 similar chemical structure and pharmacological activity such as the
35 following:
- 36 (i) 1 - cis - or trans tetrahydrocannabinol, and their optical
37 isomers, excluding tetrahydrocannabinol in sesame oil and
38 encapsulated in a soft gelatin capsule in a drug product approved by
39 the United States Food and Drug Administration;

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

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

5 (iv) That is chemically synthesized and either:

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

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

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

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

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

19 (33) Thiophene analog of phencyclidine: Some trade or other
20 names: 1-(1-[2-thienyl]-cyclohexyl)-piperidine; 2-thienyl analog of
21 phencyclidine; TPCP; TCP;

22 (34) 1-[1-(2-thienyl)cyclohexyl]pyrrolidine: A trade or other
23 name is TCPy.

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

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

34 (2) Mecloqualone;

35 (3) Methaqualone.

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

- 1 (1) Aminorex: Some other names: aminoxaphen; 2-amino-5-phenyl-2-
2 oxazoline; or 4, 5-dihydro-5-phenly-2-oxazolamine;
- 3 (2) N-Benzylpiperazine: Some other names: BZP, 1-benzylpiperazine;
- 4 (3) Cathinone, also known as 2-amino-1-phenyl-1-propanone,
5 alpha-aminopropiophenone, 2-aminopropiophenone and norephedrone;
- 6 (4) Fenethylamine;
- 7 (5) Methcathinone: Some other names: 2-(methylamino)-
8 propiophenone; alpha-(methylamino)propiophenone; 2-(methylamino)-1-
9 phenylpropan-1-one; alpha-N-methylaminopropiophenone;
10 monomethylpropion; ephedrone; N-methylcathinone; methylcathinone;
11 AL-464; AL-422; AL-463 and UR1432, its salts, optical isomers, and
12 salts of optical isomers;
- 13 (6) (+-)-cis-4-methylaminorex ((+)-cis-4,5-dihydro-4-methyl-5-
14 phenyl-2-oxazolamine);
- 15 (7) N-ethylamphetamine;
- 16 (8) N,N-dimethylamphetamine: Some trade or other names: N,N-
17 alpha-trimethyl-benzeneethanamine; N,N-alpha-trimethylphenoethylene.
- 18 The controlled substances in this section may be added,
19 rescheduled, or deleted as provided for in RCW 69.50.201.

20 **Sec. 1103.** RCW 69.50.430 and 2003 c 53 s 345 are each amended to
21 read as follows:

22 (1) Every person convicted of a felony violation of RCW 69.50.401
23 through 69.50.4013, 69.50.4015, 69.50.402, 69.50.403, 69.50.406,
24 69.50.407, 69.50.410, or 69.50.415 shall be fined one thousand
25 dollars in addition to any other fine or penalty imposed. Unless the
26 court finds the person to be indigent, this additional fine (~~shall~~)
27 may not be suspended or deferred by the court.

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

34 (3) In addition to any other civil or criminal penalty, every
35 person who violates or causes another to violate RCW 69.50.401 by
36 distributing, dispensing, manufacturing, displaying for sale,
37 offering for sale, attempting to sell, or selling to a purchaser any
38 product that contains any amount of any synthetic cannabinoid,
39 cathinone, or methcathinone, as identified in RCW 69.50.204, must be

1 fined not less than ten thousand dollars and not more than five
2 hundred thousand dollars. If, however, the person who violates or
3 causes another to violate RCW 69.50.401 by distributing, dispensing,
4 manufacturing, displaying for sale, offering for sale, attempting to
5 sell, or selling any product that contains any amount of any
6 synthetic cannabinoid, cathinone, or methcathinone, as identified in
7 RCW 69.50.204, to a purchaser under the age of eighteen, the minimum
8 penalty is twenty-five thousand dollars if the person is at least two
9 years older than the minor. Unless the court finds the person to be
10 indigent, this additional fine may not be suspended or deferred by
11 the court.

12 **PART XII**

13 **Restricting Certain Methods of Selling Marijuana**

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

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

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

24 (a) The operational characteristics of the vending machines;

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

27 (c) The location of vending machines within the licensed premises
28 and measures to prevent access to the machines by persons under age
29 21;

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

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

36 (3) The products sold through vending machines, and the use of
37 such machines, must comply with the pertinent provisions of this

1 chapter regarding the retail sale of useable marijuana, marijuana
2 concentrates, and marijuana-infused products.

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

5 (a) Dispenses tangible personal property; or

6 (b) Provides a service to the buyer.

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

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

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

18 **PART XIII**

19 **Marijuana Clubs**

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

22 (1)(a) Except as provided in (b) of this subsection, in any
23 location maintained or conducted as a public place, an agent,
24 servant, or employee of such public place is not allowed to:

25 (i) Keep, or allow to be kept by any person, any marijuana; and

26 (ii) Consume or use marijuana or allow any consumption or use of
27 marijuana by any person.

28 (b) The sale or consumption of marijuana in any location
29 maintained or conducted as a public place is only allowed if
30 authorized by a valid license for such public place issued by the
31 board.

32 (2) Except as permitted under a valid license issued by the
33 board, it is unlawful for any person to: Conduct or maintain a
34 marijuana club by himself or herself or by associating with others;
35 or in any manner aid, assist, or abet in conducting or maintaining a
36 marijuana club.

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

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

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

11 (4) Any person operating a marijuana club is required to be
12 licensed by the board under this section or this chapter. Any person
13 operating a marijuana club, or engaging in activities requiring a
14 license under this chapter, without having a valid license issued by
15 the board is guilty of a class C felony punishable under chapter
16 9A.20 RCW.

17 (5) Within the discretion of the board, there shall be a
18 marijuana club license to conduct or maintain a marijuana club. No
19 marijuana club may operate unless validly licensed under this section
20 or chapter. The board may opt not to issue licenses under this
21 section.

22 (6) The board may adopt rules and set fees as necessary to
23 implement this section.

24 PART XIV

25 Miscellaneous Provisions

26 **Sec. 1401.** RCW 69.50.342 and 2013 c 3 s 9 are each amended to
27 read as follows:

28 For the purpose of carrying into effect the provisions of chapter
29 3, Laws of 2013 according to their true intent or of supplying any
30 deficiency therein, the state liquor (~~control~~) and cannabis board
31 may adopt rules not inconsistent with the spirit of chapter 3, Laws
32 of 2013 as are deemed necessary or advisable. Without limiting the
33 generality of the preceding sentence, the state liquor (~~control~~)
34 and cannabis board is empowered to adopt rules regarding the
35 following:

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

1 (2) The books and records to be created and maintained by
2 licensees, the reports to be made thereon to the state liquor
3 (~~control~~) and cannabis board, and inspection of the books and
4 records;

5 (3) Methods of producing, processing, and packaging marijuana,
6 useable marijuana, and marijuana-infused products; conditions of
7 sanitation; and standards of ingredients, quality, and identity of
8 marijuana, useable marijuana, and marijuana-infused products
9 produced, processed, packaged, or sold by licensees;

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

13 (5) Screening, hiring, training, and supervising employees of
14 licensees;

15 (6) Retail outlet locations and hours of operation;

16 (7) Labeling requirements and restrictions on advertisement of
17 marijuana, useable marijuana, (~~and~~) marijuana concentrates,
18 marijuana-infused products, and cannabis health and beauty aids;

19 (8) Forms to be used for purposes of chapter 3, Laws of 2013 or
20 the rules adopted to implement and enforce it, the terms and
21 conditions to be contained in licenses issued under chapter 3, Laws
22 of 2013, and the qualifications for receiving a license issued under
23 chapter 3, Laws of 2013, including a criminal history record
24 information check. The state liquor (~~control~~) and cannabis board
25 may submit any criminal history record information check to the
26 Washington state patrol and to the identification division of the
27 federal bureau of investigation in order that these agencies may
28 search their records for prior arrests and convictions of the
29 individual or individuals who filled out the forms. The state liquor
30 (~~control~~) and cannabis board (~~shall~~) must require fingerprinting
31 of any applicant whose criminal history record information check is
32 submitted to the federal bureau of investigation;

33 (9) Application, reinstatement, and renewal fees for licenses
34 issued under chapter 3, Laws of 2013, and fees for anything done or
35 permitted to be done under the rules adopted to implement and enforce
36 chapter 3, Laws of 2013;

37 (10) The manner of giving and serving notices required by chapter
38 3, Laws of 2013 or rules adopted to implement or enforce it;

1 (11) Times and periods when, and the manner, methods, and means
2 by which, licensees (~~shall~~) must transport and deliver marijuana,
3 useable marijuana, and marijuana-infused products within the state;

4 (12) Identification, seizure, confiscation, destruction, or
5 donation to law enforcement for training purposes of all marijuana,
6 useable marijuana, and marijuana-infused products produced,
7 processed, sold, or offered for sale within this state which do not
8 conform in all respects to the standards prescribed by chapter 3,
9 Laws of 2013 or the rules adopted to implement and enforce it:
10 PROVIDED, That nothing in chapter 3, Laws of 2013 (~~shall~~) may be
11 construed as authorizing the state liquor (~~control~~) and cannabis
12 board to seize, confiscate, destroy, or donate to law enforcement
13 marijuana, useable marijuana, or marijuana-infused products produced,
14 processed, sold, offered for sale, or possessed in compliance with
15 the Washington state medical use of cannabis act, chapter 69.51A RCW.

16 NEW SECTION. Sec. 1402. RCW 69.50.425 (Misdemeanor violations—
17 Minimum penalties) and 2002 c 175 s 44 & 1989 c 271 s 105 are each
18 repealed.

19 NEW SECTION. Sec. 1403. (1) Subject to appropriation, if, in
20 addition to any distributions required by section 206 of this act,
21 funding of at least six million dollars per fiscal year for fiscal
22 years 2016 and 2017 is not provided by June 30, 2015, in the omnibus
23 appropriations act for distribution to local governments for
24 marijuana enforcement, this section is null and void. The
25 appropriation in the omnibus appropriations act must reference this
26 section by bill and section number. Distributions to local
27 governments are based on the distribution formula in subsection (2)
28 of this section.

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

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

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

22 (d) By September 15th of each year, the state liquor and cannabis
23 board must provide the state treasurer the annual distribution
24 amount, if any, for each county and city as determined in subsection
25 (2) of this section.

26 NEW SECTION. **Sec. 1404.** (1) Except for part V of this act, this
27 act is necessary for the immediate preservation of the public peace,
28 health, or safety, or support of the state government and its
29 existing public institutions, and take effect July 1, 2015.

30 (2) Part V of this act takes effect October 1, 2015."

E2SHB 2136 - S COMM AMD
By Committee on Ways & Means

31 On page 1, line 3 of the title, after "state;" strike the
32 remainder of the title and insert "amending RCW 69.50.334, 69.50.357,
33 69.50.369, 69.50.535, 69.50.540, 69.50.331, 69.50.445, 69.50.4013,
34 18.170.020, 69.50.4014, 66.08.050, 69.50.101, 69.50.530, 69.50.204,
35 69.50.430, and 69.50.342; adding new sections to chapter 69.50 RCW;

1 adding a new section to chapter 82.08 RCW; adding a new section to
2 chapter 82.12 RCW; creating new sections; repealing RCW 69.50.425;
3 prescribing penalties; making appropriations; providing effective
4 dates; and declaring an emergency."

EFFECT: (1) Licensed marijuana retailers may use a vending machine for the retail sale of useable marijuana, marijuana concentrates, and marijuana-infused products, with prior approval from the LCB. LCB may adopt rules to implement this provision.

(2) Licensed marijuana retailers are prohibited from operating a drive-through purchase facility.

(3) It is a class C felony to operate an unlicensed marijuana club, defined as a club or association that conducts or maintains premises for individuals with the primary or incidental purpose of keeping or consuming marijuana on the premises. LCB may adopt rules and establish fees regarding marijuana clubs and has the discretion whether to license such facilities.

(4) Removes provisions passed in other bills relating to licensing of marijuana research facilities and the naming of the Liquor and Cannabis Board. Corrects additional internal references to the Board.

(5) Removes the sunset clause on distributions to local governments.

(6) Removes the preemption language and local voting requirement related to prohibitions on marijuana businesses.

(7) Raises the marijuana excise tax for retail sales from 30% to 37%.

(8) Provides up to \$1.8 million annually to the Department of Commerce for funding community mobilization entities.

(9) Counties with moratoria may only receive 20% of the distribution funds they would have received with no moratoria if they have cities or towns within them that have retail stores.

(10) Adds prohibitions on distribution of synthetic cannabinoids and salts (ESB 5673 as amended by house committee).

(11) Distributions to agencies are "up to" specified percentage amounts with minimum dollar levels.

(12) Adds a July 1, 2015, effective date for the sections and the new sections added to the bill.

--- END ---