

CERTIFICATION OF ENROLLMENT

SECOND ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2136

Chapter 4, Laws of 2015

64th Legislature
2015 2nd Special Session

MARIJUANA--REFORMS--TAXATION

EFFECTIVE DATE: 7/1/2015 - Except Section 503, Part V which becomes effective 10/1/2015; Sections 203 and 1001, which become effective 7/1/2016; and Sections 302, 503, 901, 1204, and 1601 and Part XV which become effective 7/24/15.

Passed by the House June 26, 2015
Yeas 59 Nays 38

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate June 27, 2015
Yeas 36 Nays 7

BRAD OWEN

President of the Senate

Approved June 30, 2015 3:58 PM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SECOND ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2136** as passed by House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

Chief Clerk

FILED

June 30, 2015

**Secretary of State
State of Washington**

Passed Legislature - 2015 2nd Special Session

2015 Regular Session

READ FIRST TIME 04/01/15.

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

Intent and Tax Preference Performance Statement

2E2SHB 2136.SL

1 while continuing efforts towards disbanding the unregulated marijuana
2 markets. The legislature further finds that ongoing evaluation on the
3 impact of meaningful marijuana tax reform for the purpose of
4 stabilizing revenues is crucial to the overall effort of protecting
5 the citizens and resources of this state. The legislature further
6 finds that a partnership with local jurisdictions in this effort is
7 imperative to the success of the legislature's policy objective. The
8 legislature further finds that sharing revenues to promote a
9 successful partnership in achieving the legislature's intent should
10 be transparent and hold local jurisdictions accountable for their use
11 of state shared revenues. Therefore, the legislature intends to
12 reform the current tax structure for the regulated legal marijuana
13 system to create price parity with the large medical and illicit
14 markets with the specific objective of increasing the market share of
15 the legal and highly regulated marijuana market. The legislature
16 further intends to share marijuana tax revenues with local
17 jurisdictions for public safety purposes and to facilitate the
18 ongoing process of ensuring a safe regulated marijuana market in all
19 communities across the state.

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

38 (2)(a) This subsection is the tax preference performance
39 statement for the retail sales and use tax exemption for marijuana
40 purchased or obtained by qualifying patients or their designated

1 providers provided in sections 207(1) and 208(1) of this act. The
2 performance statement is only intended to be used for subsequent
3 evaluation of the tax preference. It is not intended to create a
4 private right of action by any party or be used to determine
5 eligibility for preferential tax treatment.

6 (b) The legislature categorizes the tax preference as one
7 intended to accomplish the general purposes indicated in RCW
8 82.32.808(2)(e).

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

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

18 PART II

19 Marijuana Excise Tax, Exemptions, and Distribution of Revenues

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

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

30 ((+1)) (2) An opportunity for a hearing may be provided to an
31 applicant for the reissuance of a license prior to the disposition of
32 the application, and if no opportunity for a prior hearing is
33 provided then an opportunity for a hearing to reconsider the
34 application must be provided the applicant.

35 ((+2)) (3) An opportunity for a hearing must be provided to a
36 licensee prior to a revocation or modification of any license and,
37 except as provided in subsection ((+4)) (6) of this section, prior
38 to the suspension of any license.

1 ~~((+3))~~ (4) An opportunity for a hearing must be provided to any
2 person issued a notice of unpaid trust fund taxes under section 202
3 of this act.

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

7 ~~((+4))~~ (6) The state liquor ~~((control))~~ and cannabis board may
8 summarily suspend a license for a period of up to one hundred eighty
9 days without a prior hearing if it finds that public health, safety,
10 or welfare imperatively require emergency action, and it incorporates
11 a finding to that effect in its order. Proceedings for revocation or
12 other action must be promptly instituted and determined. An
13 administrative law judge may extend the summary suspension period for
14 up to one calendar year from the first day of the initial summary
15 suspension in the event the proceedings for revocation or other
16 action cannot be completed during the initial one hundred eighty-day
17 period due to actions by the licensee. The state liquor ~~((control))~~
18 and cannabis board's enforcement division shall complete a
19 preliminary staff investigation of the violation before requesting an
20 emergency suspension by the state liquor ~~((control))~~ and cannabis
21 board.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 ~~((7))~~ (6) The state liquor and cannabis board (~~shall~~) must
24 fine a licensee one thousand dollars for each violation of any
25 subsection of this section. Fines collected under this section must
26 be deposited into the dedicated marijuana (~~fund~~) account created
27 under RCW 69.50.530.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 ~~((5))~~ (3) The ~~((state liquor control board shall))~~ tax imposed
8 in this section must be paid by the buyer to the seller. Each seller
9 must collect from the buyer the full amount of the tax payable on
10 each taxable sale. The tax collected as required by this section is
11 deemed to be held in trust by the seller until paid to the board. If
12 any seller fails to collect the tax imposed in this section or,
13 having collected the tax, fails to pay it as prescribed by the board,
14 whether such failure is the result of the seller's own acts or the
15 result of acts or conditions beyond the seller's control, the seller
16 is, nevertheless, personally liable to the state for the amount of
17 the tax.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28 ~~((All marijuana excise taxes collected from sales of marijuana,~~
29 ~~useable marijuana, and marijuana-infused products under RCW~~
30 ~~69.50.535, and the license fees, penalties, and forfeitures derived~~
31 ~~under chapter 3, Laws of 2013 from marijuana producer, marijuana~~
32 ~~processor, and marijuana retailer licenses shall every three months~~
33 ~~be disbursed by the state liquor control board as follows:~~

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

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

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

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

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

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

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

36 (e) Twenty-three thousand seven hundred fifty dollars to the
37 department of enterprise services provided solely for the state
38 building code council established under RCW 19.27.070, to develop and
39 adopt fire and building code provisions related to marijuana

processing and extraction facilities. The distribution under this subsection (1)(e) is for fiscal year 2016 only;

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

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

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

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

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

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

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

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

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

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

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

18 (B) The Washington poison control center.

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

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

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

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

37 (e) Five percent to the Washington state health care authority to
38 be expended exclusively through contracts with community health
39 centers to provide primary health and dental care services, migrant

1 health services, and maternity health care services as provided under
2 RCW 41.05.220;

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

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

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

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

23 (A) Thirty percent must be distributed to counties, cities, and
24 towns where licensed marijuana retailers are physically located. Each
25 jurisdiction must receive a share of the revenue distribution under
26 this subsection (2)(g)(i)(A) based on the proportional share of the
27 total revenues generated in the individual jurisdiction from the
28 taxes collected under RCW 69.50.535, from licensed marijuana
29 retailers physically located in each jurisdiction. For purposes of
30 this subsection (2)(g)(i)(A), one hundred percent of the proportional
31 amount attributed to a retailer physically located in a city or town
32 must be distributed to the city or town.

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

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

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

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

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

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

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

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

25 (b) Sales of products containing THC with a THC concentration of
26 0.3 percent or less to qualifying patients or designated providers
27 who have been issued recognition cards by marijuana retailers with
28 medical marijuana endorsements;

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

35 (d) Sales of topical, noningestible products containing THC with
36 a THC concentration of 0.3 percent or less by health care
37 professionals under RCW 69.51A.--- (section 35, chapter 70, Laws of
38 2015);

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

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

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

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

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

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

25 (a) "Cooperative" means a cooperative authorized by and operating
26 in compliance with RCW 69.51A.--- (section 26, chapter 70, Laws of
27 2015).

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

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

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

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

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

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

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

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

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

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

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

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

37 (d) The use of marijuana concentrates, useable marijuana, or
38 marijuana-infused products, identified by the department of health
39 under RCW 69.50.--- (section 10, chapter 70, Laws of 2015) to have a
40 low THC, high CBD ratio, and to be beneficial for medical use,

1 purchased from marijuana retailers with a medical marijuana
2 endorsement.

3 (e) Health care professionals with respect to the use of products
4 containing THC with a THC concentration of 0.3 percent or less
5 provided at no charge by the health care professionals under RCW
6 69.51A.--- (section 35, chapter 70, Laws of 2015). Each health care
7 professional providing such products at no charge must maintain
8 information establishing eligibility for this exemption in the form
9 and manner required by the department.

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

15 (g) The use of:

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

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

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

28 NEW SECTION. **Sec. 209.** The provisions of RCW 82.32.805 and
29 82.32.808(8) do not apply to the exemptions in sections 207 and 208
30 of this act.

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

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

37 (b) If the selling price is attributable to products that are
38 taxable and products that are not taxable under RCW 69.50.535, the

1 portion of the price attributable to the nontaxable products are
2 subject to the tax imposed by RCW 69.50.535 unless the seller can
3 identify by reasonable and verifiable standards the portion that is
4 not subject to tax from its books and records that are kept in the
5 regular course of business for other purposes including, but not
6 limited to, nontax purposes.

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

9 (a) "Bundled transaction" means:

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

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

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

26 (c) "Marijuana product" means "useable marijuana," "marijuana
27 concentrates," and "marijuana-infused products" as defined in RCW
28 69.50.101.

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

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

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

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

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

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

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

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

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

PART III

Marijuana Business: Buffers and Licensee Residency

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

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

(a) The state liquor and cannabis board must develop a competitive, merit-based application process that includes, at a minimum, the opportunity for an applicant to demonstrate experience

1 and qualifications in the marijuana industry. The state liquor and
2 cannabis board (~~shall~~) must give preference between competing
3 applications in the licensing process to applicants that have the
4 following experience and qualifications, in the following order of
5 priority:

6 (i) First priority is given to applicants who:

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

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

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

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

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

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

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

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

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

25 (b) The state liquor and cannabis board may cause an inspection
26 of the premises to be made, and may inquire into all matters in
27 connection with the construction and operation of the premises. For
28 the purpose of reviewing any application for a license and for
29 considering the denial, suspension, revocation, or renewal or denial
30 thereof, of any license, the state liquor and cannabis board may
31 consider any prior criminal conduct of the applicant including an
32 administrative violation history record with the state liquor and
33 cannabis board and a criminal history record information check. The
34 state liquor and cannabis board may submit the criminal history
35 record information check to the Washington state patrol and to the
36 identification division of the federal bureau of investigation in
37 order that these agencies may search their records for prior arrests
38 and convictions of the individual or individuals who filled out the
39 forms. The state liquor and cannabis board (~~shall~~) must require
40 fingerprinting of any applicant whose criminal history record

1 information check is submitted to the federal bureau of
2 investigation. The provisions of RCW 9.95.240 and of chapter 9.96A
3 RCW (~~((shall))~~) do not apply to these cases. Subject to the provisions
4 of this section, the state liquor and cannabis board may, in its
5 discretion, grant or deny the renewal or license applied for. Denial
6 may be based on, without limitation, the existence of chronic illegal
7 activity documented in objections submitted pursuant to subsections
8 (7)(c) and (~~((+9))~~) (10) of this section. Authority to approve an
9 uncontested or unopposed license may be granted by the state liquor
10 and cannabis board to any staff member the board designates in
11 writing. Conditions for granting this authority (~~((shall))~~) must be
12 adopted by rule.

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

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

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

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

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

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

32 (b) The state liquor and cannabis board (~~((shall))~~) must
33 immediately suspend the license of a person who has been certified
34 pursuant to RCW 74.20A.320 by the department of social and health
35 services as a person who is not in compliance with a support order.
36 If the person has continued to meet all other requirements for
37 reinstatement during the suspension, reissuance of the license
38 (~~((shall-be))~~) is automatic upon the state liquor and cannabis board's
39 receipt of a release issued by the department of social and health
40 services stating that the licensee is in compliance with the order.

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

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

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

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

36 (4) Every license issued under this chapter (~~((3, Laws of 2013~~
37 ~~shall be))~~) is subject to all conditions and restrictions imposed by
38 this chapter (~~((3, Laws of 2013))~~) or by rules adopted by the state
39 liquor and cannabis board to implement and enforce this chapter (~~((3,~~
40 ~~Laws of 2013))~~). All conditions and restrictions imposed by the state

1 liquor and cannabis board in the issuance of an individual license
2 (~~shall~~) must be listed on the face of the individual license along
3 with the trade name, address, and expiration date.

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

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

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

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

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

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

1 license is granted outside the boundaries of incorporated cities or
2 towns.

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

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

18 (c) A city, county, or town may permit the licensing of research
19 premises allowed under RCW 69.50.--- (section 1, chapter 71, Laws of
20 2015) within one thousand feet but not less than one hundred feet of
21 the facilities described in (a) of this subsection by enacting an
22 ordinance authorizing such distance reduction, provided that the
23 ordinance will not negatively impact the jurisdiction's civil
24 regulatory enforcement, criminal law enforcement, public safety, or
25 public health.

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

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

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

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

39 (9) Subject to section 1601 of this act, a city, town, or county
40 may adopt an ordinance prohibiting a marijuana producer or marijuana

processor from operating or locating a business within areas zoned primarily for residential use or rural use with a minimum lot size of five acres or smaller.

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

PART IV

Consumption of Marijuana in a Public Place

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

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

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

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

1 **PART V**

2 **Transportation of Marijuana Products**

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

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

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

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

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

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

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

32 (4) The possession of marijuana, useable marijuana, marijuana
33 concentrates, and marijuana-infused products being physically
34 transported or delivered within the state, in amounts not exceeding
35 those that may be established under section 502(3) of this act, by a
36 licensed employee of a common carrier when performing the duties
37 authorized under, and in accordance with, this section and section
38 502 of this act, is not a violation of this section, this chapter, or
39 any other provision of Washington state law.

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

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

7 (2) The rules for licensing must:

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

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

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

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

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

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

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

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

33 (2) Except as provided in RCW 69.50.4014, any person who violates
34 this section is guilty of a class C felony punishable under chapter
35 9A.20 RCW.

36 (3)(a) The possession, by a person twenty-one years of age or
37 older, of useable marijuana, marijuana concentrates, or marijuana-
38 infused products in amounts that do not exceed those set forth in RCW

69.50.360(3) is not a violation of this section, this chapter, or any other provision of Washington state law.

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

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

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

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

The requirements of this chapter do not apply to:

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

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

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

1 persons to assist him or her in performing the duties related to his
2 or her private employer; or

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

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

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

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

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

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

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

25 **PART VI**

26 **Funding for Marijuana Health Awareness Program**

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

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

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

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

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

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

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

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

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

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

30 PART VII

31 Cannabis Health and Beauty Aid Exemption

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

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

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

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

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

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

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

PART VIII

Signage and Public Notice Requirements

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

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

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

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

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

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

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

(3)(a) A city, town, or county may adopt an ordinance requiring individual notice by an applicant for a marijuana producer's, marijuana processor's, marijuana researcher's, or marijuana

1 retailer's license under this chapter, sixty days prior to issuance
2 of the license, to any elementary or secondary school, playground,
3 recreation center or facility, child care center, church, public
4 park, public transit center, library, or any game arcade admission to
5 which is not restricted to persons aged twenty-one years or older,
6 that is within one thousand feet of the perimeter of the grounds of
7 the establishment seeking licensure. The notice must provide the
8 contact information for the liquor and cannabis board where any of
9 the owners or operators of these entities may submit comments or
10 concerns about the proposed business location.

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

14 PART IX

15 Marijuana-Infused Products and Concentrates

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

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

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

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

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

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

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

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

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

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

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

(2) The term does not include:

(i) a controlled substance;

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

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

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

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

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

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

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

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

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

(l) "Drug" means (1) a controlled substance recognized as a drug in the official United States pharmacopoeia/national formulary or the

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

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

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

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

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

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

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

26 (p) "Isomer" means an optical isomer, but in subsection ((+z+))
27 (bb)(5) of this section, RCW 69.50.204(a) (12) and (34), and
28 69.50.206(b)(4), the term includes any geometrical isomer; in RCW
29 69.50.204(a) (8) and (42), and 69.50.210(c) the term includes any
30 positional isomer; and in RCW 69.50.204(a)(35), 69.50.204(c), and
31 69.50.208(a) the term includes any positional or geometric isomer.

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

37 (r) "Lot number" (~~((shall))~~) must identify the licensee by business
38 or trade name and Washington state unified business identifier
39 number, and the date of harvest or processing for each lot of

1 marijuana, marijuana concentrates, useable marijuana, or marijuana-
2 infused product.

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

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

15 (2) by a practitioner, or by the practitioner's authorized agent
16 under the practitioner's supervision, for the purpose of, or as an
17 incident to, research, teaching, or chemical analysis and not for
18 sale.

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

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

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

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

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

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

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

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

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

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

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

(3) Poppy straw and concentrate of poppy straw.

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

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

(6) Cocaine base.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

38 ((~~ll~~)) (nn) "Ultimate user" means an individual who lawfully
39 possesses a controlled substance for the individual's own use or for
40 the use of a member of the individual's household or for

1 administering to an animal owned by the individual or by a member of
2 the individual's household.

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

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

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

10 ~~((pp))~~ (rr) "CBD concentration" has the meaning provided in RCW
11 69.51A.010.

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

13 ~~((rr))~~ (tt) "Recognition card" has the meaning provided in RCW
14 69.51A.010.

15 PART X

16 Medical Use of Marijuana

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

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

29 ~~((Cooperatives may not be located within one mile of a
30 marijuana retailer. People))~~ Qualifying patients and designated
31 providers who wish to form a cooperative must register the location
32 with the state liquor and cannabis board and this is the only
33 location where cooperative members may grow or process marijuana.
34 This registration must include the names of all participating members
35 and copies of each participant's recognition card. Only qualifying
36 patients or designated providers registered with the state liquor and
37 cannabis board in association with the location may participate in

growing or receive useable marijuana or marijuana-infused products grown at that location.

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

(a) Within one mile of a marijuana retailer;

(b) Within the smaller of either:

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

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

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

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

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

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

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

(b) May only participate in one cooperative;

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

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

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

8 ((+5+)) (7) The location of the cooperative must be the domicile
9 of one of the participants. Only one cooperative may be located per
10 property tax parcel. A copy of each participant's recognition card
11 must be kept at the location at all times.

12 ((+6+)) (8) The state liquor and cannabis board may adopt rules
13 to implement this section including:

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

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

21 ((+7+)) (9) The state liquor and cannabis board or law
22 enforcement may inspect a cooperative registered under this section
23 to ensure members are in compliance with this section. The state
24 liquor and cannabis board must adopt rules on reasonable inspection
25 hours and reasons for inspections.

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

28 (1) Registration information submitted to the state liquor and
29 cannabis board under RCW 69.51A.--- (section 26, chapter 70, Laws of
30 2015) including the names of all participating members of a
31 cooperative, copies of each member's recognition card, location of
32 the cooperative, and other information required for registration by
33 the state liquor and cannabis board is exempt from disclosure under
34 this chapter.

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

37 (a) "Cooperative" means a cooperative established under RCW
38 69.51A.--- (section 26, chapter 70, Laws of 2015) to produce and

process marijuana only for the medical use of members of the cooperative.

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

PART XI

Dedicated Marijuana Account

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

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

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

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

PART XII

Synthetic Cannabinoids and Bath Salts

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

(1) It is an unfair or deceptive practice under RCW 19.86.020 for any person or entity to distribute, dispense, manufacture, display

1 for sale, offer for sale, attempt to sell, or sell to a purchaser any
2 product that contains any amount of any synthetic cannabinoid. The
3 legislature finds that practices covered by this section are matters
4 vitally affecting the public interest for the purpose of applying the
5 consumer protection act, chapter 19.86 RCW. Violations of this
6 section are not reasonable in relation to the development and
7 preservation of business.

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

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

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

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

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

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

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

34 (2) Acetylmethadol;

35 (3) Allylprodine;

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

38 (5) Alphameprodine;

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

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

1 (16) Morphine methylsulfonate;

2 (17) Morphine-N-Oxide;

3 (18) Myrophine;

4 (19) Nicocodeine;

5 (20) Nicomorphine;

6 (21) Normorphine;

7 (22) Pholcodine;

8 (23) Thebacon.

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

17 (1) Alpha-ethyltryptamine: Some trade or other names:
18 Etryptamine; monase; a-ethyl-1H-indole-3-ethanamine; 3-(2-aminobutyl)
19 indole; a-ET; and AET;

20 (2) 4-bromo-2,5-dimethoxy-amphetamine: Some trade or other names:
21 4-bromo-2,5-dimethoxy-a-methylphenethylamine; 4-bromo-2,5-DMA;

22 (3) 4-bromo-2,5-dimethoxyphenethylamine: Some trade or other
23 names: 2-(4-bromo-2,5-dimethoxyphenyl)-1-aminoethane; alpha-desmethyl
24 DOB; 2C-B, nexus;

25 (4) 2,5-dimethoxyamphetamine: Some trade or other names: 2,5-
26 dimethoxy-a-methylphenethylamine; 2,5-DMA;

27 (5) 2,5-dimethoxy-4-ethylamphetamine (DOET);

28 (6) 2,5-dimethoxy-4-(n)-propylthiophenethylamine: Other name:
29 2C-T-7;

30 (7) 4-methoxyamphetamine: Some trade or other names: 4-methoxy-a-
31 methylphenethylamine; paramethoxyamphetamine, PMA;

32 (8) 5-methoxy-3,4-methylenedioxy-amphetamine;

33 (9) 4-methyl-2,5-dimethoxy-amphetamine: Some trade and other
34 names: 4-methyl-2,5-dimethoxy-a-methylphenethylamine; "DOM"; and
35 "STP";

36 (10) 3,4-methylenedioxy amphetamine;

37 (11) 3,4-methylenedioxymethamphetamine (MDMA);

38 (12) 3,4-methylenedioxy-N-ethylamphetamine, also known as N-
39 ethyl-alpha-methyl-3,4(methylenedioxy)phenethylamine, N-ethyl MDA,
40 MDE, MDEA;

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

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

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

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

(iv) That is chemically synthesized and either:

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

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

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

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

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

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

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

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

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

(2) Mecloqualone;

(3) Methaqualone.

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

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

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

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

(4) Fenethylline;

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

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

(7) N-ethylamphetamine;

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

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

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

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

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

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

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

19 In addition to any other civil or criminal penalty, every person
20 who violates or causes another to violate RCW 69.50.401 by
21 distributing, dispensing, manufacturing, displaying for sale,
22 offering for sale, attempting to sell, or selling to a purchaser any
23 product that contains any amount of any cathinone or methcathinone,
24 as identified in RCW 69.50.204, must be fined not less than ten
25 thousand dollars and not more than five hundred thousand dollars. If,
26 however, the person who violates or causes another to violate RCW
27 69.50.401 by distributing, dispensing, manufacturing, displaying for
28 sale, offering for sale, attempting to sell, or selling any product
29 that contains any amount of any cathinone or methcathinone, as
30 identified in RCW 69.50.204, to a purchaser under the age of
31 eighteen, the minimum penalty is twenty-five thousand dollars if the
32 person is at least two years older than the minor. Unless the court
33 finds the person to be indigent, this additional fine may not be
34 suspended or deferred by the court.

35 **PART XIII**

36 **Restricting Certain Methods of Selling Marijuana**

PART XV

Marijuana Research Licenses

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

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

(a) To test chemical potency and composition levels;

(b) To conduct clinical investigations of marijuana-derived drug products;

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

(d) To conduct genomic or agricultural research.

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

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

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

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

(a) Application requirements;

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

(c) Conditions for license revocation;

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

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

5 (f) Licensee reporting requirements;

6 (g) Conditions under which marijuana grown by marijuana
7 processors may be donated to marijuana research licensees; and

8 (h) Additional requirements deemed necessary by the state liquor
9 (~~control~~) and cannabis board.

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

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

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

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

34 (2) The University of Washington and Washington State University
35 may, in accordance with RCW 69.50.--- (section 1, chapter 71, Laws of
36 2015), contract with marijuana research licensees to conduct research
37 permitted under this section and RCW 69.50.--- (section 1, chapter
38 71, Laws of 2015).

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

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

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

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

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

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

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

27 (5) Make grants to entities pursuant to contract for the
28 promotion of life sciences research to be conducted in the state.
29 Grant agreements (~~shall~~) must specify deliverables to be provided
30 by the recipient pursuant to the grant. The authority shall solicit
31 requests for funding and evaluate the requests by reference to
32 factors such as: (a) The quality of the proposed research; (b) its
33 potential to improve health outcomes, with particular attention to
34 the likelihood that it will also lower health care costs, substitute
35 for a more costly diagnostic or treatment modality, or offer a
36 breakthrough treatment for a particular disease or condition; (c) its
37 potential for leveraging additional funding; (d) its potential to
38 provide health care benefits or benefit human learning and
39 development; (e) its potential to stimulate the health care delivery,

1 biomedical manufacturing, and life sciences related employment in the
2 state; (f) the geographic diversity of the grantees within
3 Washington; (g) evidence of potential royalty income and contractual
4 means to recapture such income for purposes of this chapter; and (h)
5 evidence of public and private collaboration;

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

8 (7) Review and approve or disapprove marijuana research license
9 applications under RCW 69.50.--- (section 1, chapter 71, Laws of
10 2015);

11 (8) Review any reports made by marijuana research licensees under
12 state liquor (~~((control))~~) and cannabis board rule and provide the
13 state liquor (~~((control))~~) and cannabis board with its determination on
14 whether the research project continues to meet research
15 qualifications under RCW 69.50.---(1) (section 1, chapter 71, Laws of
16 2015); and

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

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

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

26 **PART XVI**

27 **Miscellaneous Provisions**

28 **Sec. 1601.** RCW 69.50.342 and 2015 c 70 s 7 are each amended to
29 read as follows:

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

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

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

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

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

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

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

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

24 (h) Forms to be used for purposes of this chapter and chapter
25 69.51A RCW or the rules adopted to implement and enforce these
26 chapters, the terms and conditions to be contained in licenses issued
27 under this chapter and chapter 69.51A RCW, and the qualifications for
28 receiving a license issued under this chapter and chapter 69.51A RCW,
29 including a criminal history record information check. The state
30 liquor and cannabis board may submit any criminal history record
31 information check to the Washington state patrol and to the
32 identification division of the federal bureau of investigation in
33 order that these agencies may search their records for prior arrests
34 and convictions of the individual or individuals who filled out the
35 forms. The state liquor and cannabis board (~~shall~~) must require
36 fingerprinting of any applicant whose criminal history record
37 information check is submitted to the federal bureau of
38 investigation;

39 (i) Application, reinstatement, and renewal fees for licenses
40 issued under this chapter and chapter 69.51A RCW, and fees for

1 anything done or permitted to be done under the rules adopted to
2 implement and enforce this chapter and chapter 69.51A RCW;

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

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

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

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

20 NEW SECTION. Sec. 1602. RCW 69.50.425 (Misdemeanor violations—
21 Minimum penalties) and 2015 c 265 s 35, 2002 c 175 s 44, & 1989 c 271
22 s 105 are each repealed.

23 NEW SECTION. Sec. 1603. (1) Subject to appropriation, if, in
24 addition to any distributions required by section 206 of this act,
25 funding of at least six million dollars per fiscal year for fiscal
26 years 2016 and 2017 is not provided by June 30, 2015, in the omnibus
27 appropriations act for distribution to local governments for
28 marijuana enforcement, this section is null and void. The
29 appropriation in the omnibus appropriations act must reference this
30 section by bill and section number. Distributions to local
31 governments are based on the distribution formula in subsection (2)
32 of this section.

33 (2)(a) The distribution amount allocated to each county,
34 including the portion for eligible cities within the county, is
35 ratably based on the total amount of taxable sales of marijuana
36 products subject to the marijuana excise tax under RCW 69.50.535 in
37 the prior fiscal year within the county, including all taxable sales
38 attributable to the incorporated areas within the county.

1 Distribution amounts allocated to each county, and eligible cities
2 within the county, must be distributed in four installments by the
3 last day of each fiscal quarter as follows.

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

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

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

29 NEW SECTION. **Sec. 1604.** If any provision of this act or its
30 application to any person or circumstance is held invalid, the
31 remainder of the act or the application of the provision to other
32 persons or circumstances is not affected.

33 NEW SECTION. **Sec. 1605.** (1) Except as provided otherwise in
34 this section, this act is necessary for the immediate preservation of
35 the public peace, health, or safety, or support of the state
36 government and its existing public institutions, and takes effect
37 July 1, 2015.

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

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

4 (4) Sections 302, 503, 901, 1204, and 1601 of this act and part
5 XV of this act are necessary for the immediate preservation of the
6 public peace, health, or safety, or support of the state government
7 and its existing public institutions, and take effect July 24, 2015.

Passed by the House June 26, 2015.

Passed by the Senate June 27, 2015.

Approved by the Governor June 30, 2015.

Filed in Office of Secretary of State June 30, 2015.

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