

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE HOUSE BILL 1443

Chapter 169, Laws of 2021

67th Legislature
2021 Regular Session

CANNABIS INDUSTRY—SOCIAL EQUITY

EFFECTIVE DATE: July 25, 2021

Passed by the House April 15, 2021
Yeas 60 Nays 36

LAURIE JINKINS
**Speaker of the House of
Representatives**

Passed by the Senate April 6, 2021
Yeas 33 Nays 16

DENNY HECK
President of the Senate

Approved May 3, 2021 2:23 PM

JAY INSLEE
Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 1443** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

May 3, 2021

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE HOUSE BILL 1443

AS AMENDED BY THE SENATE

Passed Legislature - 2021 Regular Session

State of Washington

67th Legislature

2021 Regular Session

By House Commerce & Gaming (originally sponsored by Representatives Morgan, Wicks, Simmons, Berry, J. Johnson, Ramel, Kloba, Ryu, Peterson, Ormsby, Ortiz-Self, Harris-Talley, and Macri)

READ FIRST TIME 02/15/21.

1 AN ACT Relating to social equity within the cannabis industry;
2 amending RCW 43.330.540, 69.50.335, and 69.50.336; and providing an
3 expiration date.

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

5 **Sec. 1.** RCW 43.330.540 and 2020 c 236 s 3 are each amended to
6 read as follows:

7 (1) The ~~((marijuana))~~ cannabis social equity technical assistance
8 ~~((competitive))~~ grant program is established and is to be
9 administered by the department.

10 (2) (a) The ~~((marijuana))~~ cannabis social equity technical
11 assistance ~~((competitive))~~ grant program must award grants ~~((on a~~
12 ~~competitive basis to marijuana retailer))~~ to:

13 (i) Cannabis license applicants who are social equity applicants
14 submitting social equity plans under RCW 69.50.335; and

15 (ii) Cannabis licensees holding a license issued after June 30,
16 2020, and before the effective date of this section who meet the
17 social equity applicant criteria under RCW 69.50.335.

18 (b) Grant recipients under this subsection (2) must demonstrate
19 completion of their project within 12 months of receiving a grant,
20 unless a grant recipient requests, and the department approves,
21 additional time to complete the project.

1 (3) The department must award grants primarily based on the
2 strength of the social equity plans submitted by cannabis license
3 applicants and cannabis licensees holding a license issued after June
4 30, 2020, and before the effective date of this section, but may also
5 consider additional criteria if deemed necessary or appropriate by
6 the department. Technical assistance activities eligible for funding
7 (~~((under the marijuana social equity technical assistance competitive~~
8 ~~grant program))~~) include, but are not limited to:

9 (a) Assistance navigating the (~~((marijuana retailer))~~) cannabis
10 licensure process;

11 (b) (~~((Marijuana-business))~~) Cannabis-business specific education
12 and business plan development;

13 (c) Regulatory compliance training;

14 (d) Financial management training and assistance in seeking
15 financing; (~~and~~)

16 (e) Strengthening a social equity plan; and

17 (f) Connecting social equity applicants with established industry
18 members and tribal (~~((marijuana))~~) cannabis enterprises and programs
19 for mentoring and other forms of support (~~((approved by the~~
20 ~~[Washington state liquor and cannabis] board))~~).

21 (~~((3))~~) (4) The department may contract to establish a roster of
22 mentors who are available to support and advise social equity
23 applicants and current licensees who meet the social equity applicant
24 criteria under RCW 69.50.335. Contractors under this section must:

25 (a) Have knowledge and experience demonstrating their ability to
26 effectively advise eligible applicants and licensees in navigating
27 the state's licensing and regulatory framework or on producing and
28 processing cannabis;

29 (b) Be a business that is at least 51% minority or woman-owned;
30 and

31 (c) Meet department reporting and invoicing requirements.

32 (5) Funding for the (~~((marijuana))~~) cannabis social equity
33 technical assistance (~~((competitive))~~) grant program must be provided
34 through the dedicated marijuana account under RCW 69.50.540.
35 Additionally, the department may solicit, receive, and expend private
36 contributions to support the grant program.

37 (~~((4))~~) (6) The department may adopt rules to implement this
38 section.

39 (7) For the purposes of this section, "cannabis" has the meaning
40 provided for "marijuana" under RCW 69.50.101.

1 **Sec. 2.** RCW 69.50.335 and 2020 c 236 s 2 are each amended to
2 read as follows:

3 (1) Beginning December 1, 2020, and until July 1, ((2028)) 2029,
4 ((marijuana)) cannabis retailer licenses that have been subject to
5 forfeiture, revocation, or cancellation by the board, or
6 ((marijuana)) cannabis retailer licenses that were not previously
7 issued by the board but could have been issued without exceeding the
8 limit on the statewide number of ((marijuana)) cannabis retailer
9 licenses established before January 1, 2020, by the board, may be
10 issued or reissued to an applicant who meets the ((marijuana))
11 cannabis retailer license requirements of this chapter.

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

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

25 (3)(a) In determining the issuance of a license among applicants,
26 the board may prioritize applicants based on the extent to which the
27 application addresses the components of the social equity plan.

28 (b) The board may deny any application submitted under this
29 subsection if the board determines that:

30 (i) The application does not meet social equity goals or does not
31 meet social equity plan requirements; or

32 (ii) The application does not otherwise meet the licensing
33 requirements of this chapter.

34 (4) The board may adopt rules to implement this section. Rules
35 may include strategies for receiving advice on the social equity
36 program from individuals the program is intended to benefit. Rules
37 may also require that licenses awarded under this section be
38 transferred or sold only to individuals or groups of individuals who
39 comply with the requirements for initial licensure as a social equity
40 applicant with a social equity plan under this section.

(5) The annual fee for issuance, reissuance, or renewal for any license under this section must be equal to the fee established in RCW 69.50.325.

(6) For the purposes of this section:

(a) "Cannabis" has the meaning provided for "marijuana" under this chapter.

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

(i) The area has a high poverty rate;

(ii) The area has a high rate of participation in income-based federal or state programs;

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

(iv) The area has a high rate of arrest, conviction, or incarceration related to the sale, possession, use, cultivation, manufacture, or transport of ~~((marijuana))~~ cannabis.

~~((b))~~ (c) "Social equity applicant" means:

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

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

(iii) An applicant who meets criteria defined in rule by the board after consultation with the commission on African American affairs and other commissions, agencies, and community members as determined by the board.

~~((e))~~ (d) "Social equity goals" means:

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

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

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

10 (i) A statement that the social equity applicant qualifies as a
11 social equity applicant and intends to own at least fifty-one percent
12 of the proposed ((~~marijuana~~)) cannabis retail business or applicants
13 representing at least fifty-one percent of the ownership of the
14 proposed business qualify as social equity applicants;

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

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

20 (iv) The composition of the workforce the social equity applicant
21 intends to hire;

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

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

29 **Sec. 3.** RCW 69.50.336 and 2020 c 236 s 5 are each amended to
30 read as follows:

31 (1) A legislative task force on social equity in ((~~marijuana~~))
32 cannabis is established. The purpose of the task force is to make
33 recommendations to the board including but not limited to
34 establishing a social equity program for the issuance and reissuance
35 of existing retail ((~~marijuana~~)), processor, and producer cannabis
36 licenses, and to advise the governor and the legislature on policies
37 that will facilitate development of a ((~~marijuana~~)) cannabis social
38 equity program.

1 (2) The members of the task force are as provided in this
2 subsection.

3 (a) The president of the senate shall appoint one member from
4 each of the two largest caucuses of the senate.

5 (b) The speaker of the house of representatives shall appoint one
6 member from each of the two largest caucuses of the house of
7 representatives.

8 (c) The president of the senate and the speaker of the house of
9 representatives shall jointly appoint:

10 (i) One member from each of the following:

11 (A) The commission on African American affairs;

12 (B) The commission on Hispanic affairs;

13 (C) The governor's office of Indian affairs;

14 (D) An organization representing the African American community;

15 (E) An organization representing the Latinx community;

16 (F) A labor organization involved in the ((~~marijuana~~)) cannabis
17 industry;

18 (G) The liquor and cannabis board;

19 (H) The department of commerce;

20 (I) The office of the attorney general; and

21 (J) The association of Washington cities;

22 (ii) Two members that currently hold a ((~~marijuana~~)) cannabis
23 retail license; ((~~and~~))

24 (iii) Two members that currently hold a producer ((~~or processor~~))
25 license ((~~or both~~)); and

26 (iv) Two members that currently hold a processor license.

27 (3) In addition to the members appointed to the task force under
28 subsection (2) of this section, individuals representing other
29 sectors may be invited by the chair of the task force, in
30 consultation with the other appointed members of the task force, to
31 participate in an advisory capacity in meetings of the task force.

32 (a) Individuals participating in an advisory capacity under this
33 subsection are not members of the task force, may not vote, and are
34 not subject to the appointment process established in this section.

35 (b) There is no limit to the number of individuals who may
36 participate in task force meetings in an advisory capacity under this
37 subsection.

38 (c) A majority of the task force members constitutes a quorum. If
39 a member has not been designated for a position set forth in this

1 section, that position may not be counted for the purpose of
2 determining a quorum.

3 (4) The task force shall hold its first meeting by July 1, 2020.
4 The task force shall elect a chair from among its legislative members
5 at the first meeting. The election of the chair must be by a majority
6 vote of the task force members who are present at the meeting. The
7 chair of the task force is responsible for arranging subsequent
8 meetings and developing meeting agendas.

9 (5) Staff support for the task force, including arranging the
10 first meeting of the task force and assisting the chair of the task
11 force in arranging subsequent meetings, must be provided by the
12 health equity council of the governor's interagency council on health
13 disparities. ~~((If Engrossed Second Substitute House Bill No. 1783 is
14 enacted by June 30, 2020, then))~~ The responsibility for providing
15 staff support for the task force must be transferred to the office of
16 equity created ~~((by Engrossed Second Substitute House Bill No. 1783))~~
17 under chapter 43.06D RCW when requested by the office of equity.

18 ~~((The expenses of the task force must be paid jointly by the
19 senate and the house of representatives. Task force expenditures are
20 subject to approval by the senate facilities and operations committee
21 and the house of representatives executive rules committee, or their
22 successor committees.~~

23 ~~((7))~~ Legislative members of the task force may be reimbursed for
24 travel expenses in accordance with RCW 44.04.120. Nonlegislative
25 members are not entitled to be reimbursed for travel expenses if they
26 are elected officials or are participating on behalf of an employer,
27 governmental entity, or other organization. Any reimbursement for
28 other nonlegislative members is subject to chapter 43.03 RCW.

29 ~~((8))~~ (7) The task force is a class one group under chapter
30 43.03 RCW.

31 ~~((9))~~ (8) A public comment period must be provided at every
32 meeting of the task force.

33 ~~((10))~~ (9) The task force shall submit one or more reports on
34 recommended policies that will facilitate the development of a
35 ~~((marijuana))~~ cannabis social equity program in Washington to the
36 governor, the board, and the appropriate committees of the
37 legislature. The task force is encouraged to submit individual
38 recommendations, as soon as possible, to facilitate the board's early
39 work to implement the recommendations. The final recommendations must

1 be submitted by (~~December 1, 2020~~) December 9, 2022. The
2 recommendations must include:

3 (a) Factors the board must consider in distributing the licenses
4 currently available from (~~marijuana~~) cannabis retailer licenses
5 that have been subject to forfeiture, revocation, or cancellation by
6 the board, or (~~marijuana~~) cannabis retailer licenses that were not
7 previously issued by the board but could have been issued without
8 exceeding the limit on the statewide number of (~~marijuana~~) cannabis
9 retailer licenses established by the board before January 1, 2020;
10 (~~and~~)

11 (b) Whether any additional (~~marijuana~~) cannabis producer,
12 processor, or retailer licenses should be issued beyond the total
13 number of (~~marijuana~~) licenses that have been issued as of June 11,
14 2020. For purposes of determining the total number of licenses issued
15 as of June 11, 2020, the total number includes licenses that have
16 been forfeited, revoked, or canceled;

17 (c) The social equity impact of altering residential cannabis
18 agriculture regulations;

19 (d) The social equity impact of shifting primary regulation of
20 cannabis production from the board to the department of agriculture,
21 including potential impacts to the employment rights of workers;

22 (e) The social equity impact of removing nonviolent cannabis-
23 related felonies and misdemeanors from the existing point system used
24 to determine if a person qualifies for obtaining or renewing a
25 cannabis license;

26 (f) Whether to create workforce training opportunities for
27 underserved communities to increase employment opportunities in the
28 cannabis industry;

29 (g) The social equity impact of creating new cannabis license
30 types; and

31 (h) Recommendations for the cannabis social equity technical
32 assistance grant program created under RCW 43.330.540.

33 (~~(11)~~) (10) The board may adopt rules to implement the
34 recommendations of the task force. However, any recommendation to
35 increase the number of retail outlets above the current statewide
36 limit of retail outlets, established by the board before January 1,
37 2020, must be approved by the legislature.

38 (~~(12)~~) (11) For the purposes of this section, "cannabis" has
39 the meaning provided for "marijuana" under this chapter.

40 (12) This section expires June 30, (~~(2022)~~) 2023.

Passed by the House April 15, 2021.
Passed by the Senate April 6, 2021.
Approved by the Governor May 3, 2021.
Filed in Office of Secretary of State May 3, 2021.

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