

ESSB 5546 - H COMM AMD

By Committee on Regulated Substances & Gaming

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

3 "NEW SECTION. **Sec. 1.** (1) The legislature finds that the
4 Washington state liquor and cannabis board exists to promote safe
5 communities and public safety, and that there is no state entity to
6 oversee research and education of the state's cannabis industry.

7 (2) The legislature therefore declares:

8 (a) The Washington state cannabis commission may be established
9 to benefit the people of the state of Washington and its economy;

10 (b) The general welfare of the people of the state will be served
11 by the research and development of best practices surrounding safe
12 cultivation and processing activities of cannabis so the industry is
13 therefore affected with the public interest;

14 (c) The Washington state cannabis commission is intended to
15 support social equity efforts in the cannabis industry, including
16 increasing participation in licensed cannabis production and licensed
17 cannabis production and processing under RCW 69.50.325 by persons who
18 reside in, or have resided in, a disproportionately impacted area, as
19 defined in RCW 69.50.335, or who are both a socially and economically
20 disadvantaged individual as defined by the office of minority and
21 women's business enterprises under chapter 39.19 RCW, with a goal of
22 reducing accumulated harm suffered by individuals, families, and
23 local areas subject to severe impacts from the historical application
24 and enforcement of cannabis prohibition laws; and

25 (d) Creating a Washington state cannabis commission for the
26 public purpose of administering the revenue of the commission serves
27 the public interest by materially advancing the producing and
28 processing of cannabis and improving sustainability in the cannabis
29 producing and processing sectors.

1 (3) To complement the development of a comprehensive regulatory
2 scheme for the production and processing of cannabis and cannabis
3 products, the legislature further declares that:

4 (a) It is in the overriding public interest that the state
5 support responsible agricultural production of cannabis in order to:

6 (i) Protect the public by providing research and education in
7 reference to the quality, care, and methods used in the production of
8 cannabis and cannabis products; and

9 (ii) Support and engage in programs or activities that benefit
10 the safe production, handling, processing, and uses of cannabis and
11 cannabis products; and

12 (b) Cannabis production and processing is a highly regulated
13 industry and that this chapter and the rules adopted under it are
14 only one aspect of the regulated industry. Other applicable laws
15 include:

16 (i) Chapter 15.130 RCW, the food safety and security act;

17 (ii) Chapter 15.125 RCW, cannabis and cannabis products;

18 (iii) Title 69 RCW, food, drugs, cosmetics, and poisons; and

19 (iv) Chapter 82.08 RCW, retail sales tax.

20 (4) This chapter and any rules adopted under this chapter are for
21 the purpose of fostering responsible and orderly agricultural
22 production of cannabis. Nothing in this chapter should be interpreted
23 to conflict with or supersede the overriding regulatory authority the
24 legislature has already granted to other state agencies.

25 NEW SECTION. **Sec. 2.** The definitions in this section apply
26 throughout this chapter unless the context clearly requires
27 otherwise.

28 (1) "Active cannabis producer" means a cannabis producer who
29 reported gross income that is subject to tax under chapter 82.04 RCW
30 in the calendar year before the date of a referendum under section 3
31 of this act.

32 (2) "Active cannabis producer/processor" means a cannabis
33 producer/processor who reported gross income that is subject to tax
34 under chapter 82.04 RCW in the calendar year before the date of a
35 referendum under section 3 of this act.

36 (3) "Board" means the Washington state liquor and cannabis board.

37 (4) "Cannabis" has the meaning provided in RCW 69.50.101.

38 (5) "Cannabis producer" has the meaning provided in RCW
39 69.50.101.

- 1 (6) "Cannabis products" has the meaning provided in RCW
2 69.50.101.
- 3 (7) "Cannabis processor" has the meaning provided in RCW
4 69.50.101.
- 5 (8) "Cannabis producer/processor" means any person or legal
6 entity holding both a cannabis producer license and a cannabis
7 processor license as defined in RCW 69.50.101.
- 8 (9) "Cannabis researcher" has the same meaning provided in RCW
9 69.50.101.
- 10 (10) "Cannabis retailer" has the same meaning provided in RCW
11 69.50.101.
- 12 (11) "Commission" means the Washington state cannabis commission
13 established in this chapter.
- 14 (12) "Cooperative" means a cannabis cooperative formed by
15 qualifying patients, designated providers, or both, which meets the
16 requirements of RCW 69.51A.250 and rules adopted under that section.
- 17 (13) "District" means each of the geographical areas of the state
18 of Washington defined in subsections (14) through (17) of this
19 section.
- 20 (14) "District 1" means the geographical area including the
21 counties of Clallum, Island, Jefferson, King, San Juan, Skagit,
22 Snohomish, and Whatcom.
- 23 (15) "District 2" means the geographical area including the
24 counties of Chelan, Douglas, Ferry, Grant, Kittitas, Okanogan, Pend
25 Oreille, and Stevens.
- 26 (16) "District 3" means the geographical area including the
27 counties of Adams, Asotin, Benton, Columbia, Franklin, Garfield,
28 Lincoln, Spokane, Walla Walla, Whitman, and Yakima.
- 29 (17) "District 4" means the geographical area including the
30 counties of Clark, Cowlitz, Grays Harbor, Kitsap, Klickitat, Lewis,
31 Mason, Pacific, Pierce, Skamania, Thurston, and Wahkiakum.
- 32 (18) "Fiscal year" means the 12-month period beginning July 1st
33 of any year and ending June 30th.
- 34 (19) "Interested parties" means governmental departments,
35 agencies, and bodies at the federal, state, or local levels.
36 "Interested parties" includes tribal governments, universities,
37 national and international associations, and other public or private
38 sector organizations with an interest in cannabis-related matters.
- 39 (20) "Tier" means any of the production licensing categories
40 established by rule of the board.

1 NEW SECTION. **Sec. 3.** (1) Subject to subsection (7) of this
2 section, upon receipt of a petition containing the signatures of five
3 active cannabis producers or active cannabis producer/processors, to
4 implement this chapter and to determine participation in the
5 commission and assessment under this chapter, the director must
6 conduct a referendum of active cannabis producers and active cannabis
7 producer/processors.

8 (a) The referendum must be conducted within 60 days of receipt of
9 the petition.

10 (b) The department must establish a list of active cannabis
11 producers and active cannabis producer/processors eligible to vote in
12 the referendum in collaboration with the board and the department of
13 revenue. Inadvertent failure to notify an active cannabis producer or
14 active cannabis producer/processor does not invalidate a proceeding
15 conducted under this chapter.

16 (2) The requirements of assent or approval of a referendum under
17 subsection (1) of this section are met if:

18 (a) At least 51 percent by numbers of the participants in the
19 referendum vote affirmatively; and

20 (b) At least 40 percent of the active cannabis producers and 40
21 percent of the active cannabis producer/processors have been
22 represented in the referendum to determine assent or approval of
23 participation and assessment.

24 (3) If the director determines that the requisite assent has not
25 been given in the referendum conducted under subsection (1) of this
26 section, the director must take no further action to implement or
27 enforce this chapter.

28 (4) Upon completion of the referendum conducted under subsection
29 (1) of this section, the department must tally the results of the
30 vote and provide the results to participants. The department must
31 create rules for an active cannabis producer or an active cannabis
32 producer/processor to dispute the results of a vote within 60 days
33 from the announced results.

34 (5) The director is not required to hold a referendum under
35 subsection (1) of this section more than once in any 12-month period.

36 (6) The director may conduct voting on a referendum under this
37 chapter by electronic means, paper ballots, or both.

38 (7) No referendum may be conducted under this section until July
39 1, 2025, unless the director receives written notice from the liquor
40 and cannabis board that, pursuant to separate legislation enacted

1 after January 1, 2023, the liquor and cannabis board has issued or
2 reissued the maximum number of cannabis producer and processor
3 licenses made available for issuance or reissuance to applicants
4 meeting social equity criteria under the terms of the separately
5 enacted legislation.

6 NEW SECTION. **Sec. 4.** Within 60 days of the director determining
7 that requisite assent has been given in a referendum conducted under
8 section 3 of this act, the director must establish the Washington
9 state cannabis commission to:

- 10 (1) Plan and conduct programs for cannabis-related matters;
- 11 (2) Provide funding for conducting research in accordance with
12 commission rules;
- 13 (3) Coordinate with and advise interested parties regarding
14 cannabis-related matters within the scope of the powers and purposes
15 of the commission in accordance with commission rules;
- 16 (4) Coordinate with interested parties to standardize methods by
17 which to identify and determine the genetics, strains, cultivars,
18 phenotypes, standards, and grades of cannabis, and advise on cannabis
19 packaging and labeling requirements;
- 20 (5) Conduct reviews, surveys, and inquiries regarding market
21 metrics and analytics, including trends, revenues, profitability,
22 projections, production, business practices, and other economic
23 drivers of the cannabis industry;
- 24 (6) Inform and advise cannabis producers and cannabis producer/
25 processors on cannabis-related matters, including, without
26 limitation, educational information on cannabis cultivation, usage,
27 risks, and related technical and scientific developments;
- 28 (7) Provide cannabis-related education and training to cannabis
29 producers, cannabis producer/processors, cannabis researchers, and
30 their employees, which may include education and training on cannabis
31 health and safety information;
- 32 (8) Provide information and services for meeting resource
33 conservation objectives of cannabis producers and cannabis producer/
34 processors;
- 35 (9) Assist and cooperate with federal, state, and local
36 government agencies in the investigation and control of pests,
37 diseases, and other factors that could adversely affect the
38 cultivation, quality, and safety of cannabis produced in this state;

1 (10) Advance the knowledge and practices of cannabis production
2 in this state through research and testing methods to improve pest
3 management, worker protection, safety training, energy efficiency,
4 and environmental protection;

5 (11) Support Washington state's policies and work to improve
6 social equity in the cannabis industry by: (a) Increasing
7 participation in licensed cannabis production and licensed cannabis
8 production and processing by persons who reside in, or have resided
9 in, a disproportionately impacted area, as defined in RCW 69.50.335,
10 or who are both a socially and economically disadvantaged individual
11 as defined by the office of minority and women's business enterprises
12 under chapter 39.19 RCW; and (b) raising awareness about and working
13 to eliminate unconscious bias;

14 (12) Limit youth access and youth exposure to cannabis;

15 (13) Enable cannabis producers and cannabis producer/processors,
16 in cooperation with the commission, to:

17 (a) Develop and engage in research, including, without
18 limitation, discovering better and more efficient production,
19 irrigation, odor mitigation, processing, transportation, handling,
20 packaging, and use of cannabis and cannabis products; and

21 (b) Discover and develop new and improved cultivars;

22 (14) Establish uniform grading and proper preparation of cannabis
23 products for market;

24 (15) Protect the interest of consumers and the state by advising
25 on the overall production of cannabis; and

26 (16) Advance the knowledge and practices of processing cannabis
27 in this state.

28 NEW SECTION. **Sec. 5.** (1) The commission must:

29 (a) Elect a chair and other officers by a majority vote of the
30 commission or in accordance with bylaws adopted by the commission;

31 (b) Adopt, rescind, and amend bylaws and other internal rules
32 necessary for the administration and operation of the commission and
33 for carrying out its duties in this chapter;

34 (c) Administer and enforce the provisions of this chapter;

35 (d) Designate a public records officer, rules coordinator, and
36 other representatives required under laws governing state agencies
37 and commissions;

38 (e) Comply with all other laws applicable to state agencies and
39 commissions;

1 (f) Institute and maintain in its own name any legal actions,
2 including actions by injunction, mandatory injunction, civil
3 recovery, or proceedings before administrative tribunals or other
4 governmental authorities necessary to carry out this chapter, and to
5 sue and be sued as a commission, without individual liability for
6 acts of the commission within the scope of the powers conferred by
7 this chapter; and

8 (g) Keep accurate records of all receipts and disbursements,
9 which must be open to inspection and audit by the state auditor or
10 its designee at least every five years and at any time by a duly
11 appointed internal auditor by majority vote of the commission.

12 (2) The commission may:

13 (a) Employ and discharge, in its discretion, managers,
14 secretaries, agents, attorneys, and employees, and engage the
15 services of independent contractors as the commission deems necessary
16 to fulfill duties, and to fix compensation. However, until assessment
17 collections in section 15 of this act equal at least \$1,000,000, the
18 commission must contract for staff support;

19 (b) Acquire and transfer personal and real property, establish
20 offices, incur expenses, enter into contracts and cooperative
21 agreements, and create such debt and other liabilities as may be
22 reasonable to fulfill its duties under this chapter;

23 (c) Make necessary disbursements for routine operating expenses;

24 (d) Expend funds for all activities permitted under this chapter;

25 (e) Cooperate with interested parties to fulfill its duties under
26 this chapter;

27 (f) Serve as a liaison on behalf of the general cannabis
28 producing and processing industries to the board and other interested
29 parties, and not on behalf of any individual cannabis producer or
30 cannabis producer/processor;

31 (g) Solicit, accept, retain, and expend any gifts, bequests,
32 contributions, or grants from private persons or public agencies to
33 carry out this chapter;

34 (h) Retain the services of private legal counsel, which is
35 subject to the appointment and approval by the office of the state
36 attorney general;

37 (i) Engage in appropriate activities and events to support
38 commission activities authorized by this chapter;

39 (j) Participate in meetings, hearings, and other proceedings
40 regarding cannabis, including, without limitation, the production,

1 irrigation, manufacture, regulation, transportation, distribution,
2 sale, or use of cannabis, including activities authorized under RCW
3 42.17A.635 and the reporting of such activities to the public
4 disclosure commission;

5 (k) Obtain from the board, a list of the names and addresses of
6 cannabis producers, cannabis processors, cannabis producer/
7 processors, and cannabis retailers, and other available data from the
8 state as requested by the commission relative to its duties under
9 this chapter;

10 (l) Acquire, create, develop, and own intellectual property
11 rights, licenses, and patents, and to collect royalties resulting
12 from the sale or licensing of commission-funded research. However,
13 results and recommendations from research conducted or funded by the
14 commission must be available to all cannabis producers and cannabis
15 producer/processors without charge, except for reasonable costs as
16 the commission may determine;

17 (m) Speak on behalf of the Washington state government regarding
18 agricultural production of cannabis in this state, subject to
19 oversight of both the director and the director of the board;

20 (n) Possess cannabis products for the limited purposes of this
21 chapter;

22 (o) Adopt rules to implement this chapter; and

23 (p) Exercise other powers and duties reasonably necessary to
24 carry out this chapter.

25 NEW SECTION. **Sec. 6.** The department must serve as the
26 commission's rules coordinator. Rules adopted by the commission must
27 be approved by the director.

28 NEW SECTION. **Sec. 7.** (1) The commission is composed of the
29 following 13 voting members:

30 (a) Eight cannabis producer or cannabis producer/processor
31 members, two each from district 1, district 2, district 3, and
32 district 4;

33 (b) One statewide at-large cannabis producer or cannabis
34 producer/processor member who is licensed by the liquor and cannabis
35 board pursuant to social equity criteria under separately enacted
36 legislation identified in section 3(7) of this act;

37 (c) One statewide tier one cannabis producer or cannabis
38 producer/processor member from any district;

1 (d) One statewide tier two cannabis producer or cannabis
2 producer/processor member from any district;

3 (e) One statewide tier three cannabis producer or cannabis
4 producer/processor member from any district; and

5 (f) The director.

6 (2) Each member of the commission other than the director must:

7 (a) Be 21 years of age or older;

8 (b) Be a citizen and resident of this state;

9 (c) Directly hold or be named an owner in whole or majority part
10 of an entity holding the relevant business license issued by the
11 board. This license must not be suspended at the time of nomination,
12 election, or appointment and must not be suspended at any time during
13 the member's term;

14 (d) Be an officer or employee of a corporation, firm,
15 partnership, association, or cooperative engaged in the active
16 production of cannabis within this state for a period of three years
17 and have, during that period, derived a substantial portion of his or
18 her income from cannabis production; and

19 (e) Continue to meet all membership qualifications throughout the
20 member's term.

21 (3) Seven voting members constitute a quorum of the commission.

22 (4) Commission members must be reimbursed for expenses incurred
23 in the performance of their duties under this chapter in accordance
24 with RCW 43.03.050 and 43.03.060.

25 (5) Commission members shall complete training on unconscious
26 bias.

27 NEW SECTION. **Sec. 8.** (1) The director must select initial
28 members to appoint to the commission from a pool of self-nominated
29 cannabis producers or cannabis producer/processors from district 1,
30 district 2, district 3, and district 4.

31 (2) The director has discretion in determining which members are
32 appointed to the term limits in (a) through (c) of this subsection
33 but, within 90 days after the effective date of this section, must
34 appoint the initial commission members in accordance with the
35 following:

36 (a) Four members must be appointed for a one-year term;

37 (b) Four members must be appointed for a two-year term; and

38 (c) Four members must be appointed for a three-year term.

1 (3) The commission must establish by rule the process by which
2 commission members are elected and any vacancy appointments are made.

3 (4) When making initial and replacement appointments, the
4 director must give priority to persons representing the diverse
5 communities of the state to maintain a balanced representation of
6 members where practicable.

7 NEW SECTION. **Sec. 9.** (1) On a fiscal year basis and before each
8 fiscal year beginning, the commission must develop and submit, to the
9 director, each of the following:

10 (a) A budget; and

11 (b) Any plans concerning, without limitation:

12 (i) The establishment, issuance, effectuation, or administration
13 of commission governance issues; and

14 (ii) The initiation or establishment of any rule making.

15 (2) The director must timely review and approve or deny each
16 submission in this section.

17 (3) The director must review the commission's education program
18 to ensure its consistency with applicable state and federal laws.

19 NEW SECTION. **Sec. 10.** The commission must deposit moneys
20 collected under this chapter and section 15 of this act in a separate
21 account in the name of the commission in any bank that is a state
22 depository. All expenditures and disbursements made from this account
23 under this chapter may be made without the necessity of a specific
24 legislative appropriation. None of the provisions of RCW 43.01.050
25 and 69.50.540 apply to this account or to the moneys received,
26 collected, or expended under this chapter.

27 NEW SECTION. **Sec. 11.** The fee levied under section 15 of this
28 act constitutes a personal debt of every person charged or who
29 otherwise owes the fee, and the fee is due and payable to the
30 commission.

31 NEW SECTION. **Sec. 12.** (1) Financial and commercial information
32 and records submitted to the board or the commission to administer
33 this chapter may be shared between the board and the commission. The
34 information or records may also be used, if required, in any action
35 or administrative hearing relative to this chapter.

36 (2) This section does not prohibit:

1 (a) The issuance of general statements based upon the reports of
2 a cannabis producer or cannabis producer/processor under this chapter
3 if the statements do not identify a specific licensee; or

4 (b) The publication by the director or the commission of the name
5 of a cannabis producer or cannabis producer/processor violating this
6 chapter and a statement of the violation.

7 NEW SECTION. **Sec. 13.** Obligations incurred by the commission
8 and any other liabilities or claims against the commission must be
9 enforced only against the assets of the commission and, except to the
10 extent of such assets, no liability for the debts or actions of the
11 commission exists against either the state of Washington or any
12 subdivision or instrumentality thereof or against any member,
13 employee, or agent of the commission or the state of Washington in
14 his or her individual capacity. Except as otherwise provided in this
15 chapter, neither the commission members, nor its employees, may be
16 held individually responsible for errors in judgment, mistakes, or
17 other acts, either of commission or omission, as principal, agent,
18 person, or employee, except for their own individual acts of
19 dishonesty or crime. No person or employee may be held individually
20 responsible for any act or omission of any other commission members.
21 The liability of the commission members shall be several and not
22 joint, and no member is liable for the default of any other member.
23 This provision confirms that commission members have been and
24 continue to be, state officers or volunteers for purposes of RCW
25 4.92.075 and are entitled to the defenses, indemnifications,
26 limitations of liability, and other protections and benefits of
27 chapter 4.92 RCW.

28 NEW SECTION. **Sec. 14.** All costs incurred by the board and the
29 department, including staff support and the adoption of rules or
30 other actions necessary to carry out this chapter must be reimbursed
31 by the commission. Costs incurred under this section must include
32 initial estimates of work and line-item accounting of the costs
33 incurred.

34 NEW SECTION. **Sec. 15.** A new section is added to chapter 69.50
35 RCW to read as follows:

36 (1) Pursuant to referendum under section 3 of this act, to
37 provide for permanent funding of the Washington state cannabis

1 commission, the board must impose and collect an assessment from all
2 cannabis producers and cannabis producer/processors.

3 (2) The initial rate of assessment is:

4 (a) 0.29 percent of all sales revenue conducted by a cannabis
5 producer who is not a cannabis producer/processor subject to an
6 assessment under (b) of this subsection; and

7 (b) 0.145 percent of all sales revenue conducted by a cannabis
8 producer/processor.

9 (3) After the initial assessment is approved, the commission may
10 modify the assessment if submitted for approval by referendum. The
11 requirements of assent or approval of a referendum under this
12 subsection are met if:

13 (a) At least 60 percent by numbers of the participants in the
14 referendum vote affirmatively to approve the modification; and

15 (b) At least 40 percent of the active cannabis producers and 40
16 percent of the active cannabis producer/processors have been
17 represented in the referendum to determine assent or approval of the
18 modification.

19 (4) Assessments collected under this section must be disbursed at
20 least quarterly to the Washington state cannabis commission
21 established in section 4 of this act for use in carrying out the
22 purposes of chapter 15.--- RCW (the new chapter created in section 17
23 of this act).

24 (5) Until October 31, 2028, the assessments in this section do
25 not apply to a cannabis producer or cannabis producer/processor
26 licensed under the social equity program in this chapter.

27 **Sec. 16.** RCW 41.06.070 and 2019 c 146 s 3 are each amended to
28 read as follows:

29 (1) The provisions of this chapter do not apply to:

30 (a) The members of the legislature or to any employee of, or
31 position in, the legislative branch of the state government including
32 members, officers, and employees of the legislative council, joint
33 legislative audit and review committee, statute law committee, and
34 any interim committee of the legislature;

35 (b) The justices of the supreme court, judges of the court of
36 appeals, judges of the superior courts or of the inferior courts, or
37 to any employee of, or position in the judicial branch of state
38 government;

- 1 (c) Officers, academic personnel, and employees of technical
2 colleges;
- 3 (d) The officers of the Washington state patrol;
- 4 (e) Elective officers of the state;
- 5 (f) The chief executive officer of each agency;
- 6 (g) In the departments of employment security and social and
7 health services, the director and the director's confidential
8 secretary; in all other departments, the executive head of which is
9 an individual appointed by the governor, the director, his or her
10 confidential secretary, and his or her statutory assistant directors;
- 11 (h) In the case of a multimember board, commission, or committee,
12 whether the members thereof are elected, appointed by the governor or
13 other authority, serve ex officio, or are otherwise chosen:
- 14 (i) All members of such boards, commissions, or committees;
- 15 (ii) If the members of the board, commission, or committee serve
16 on a part-time basis and there is a statutory executive officer: The
17 secretary of the board, commission, or committee; the chief executive
18 officer of the board, commission, or committee; and the confidential
19 secretary of the chief executive officer of the board, commission, or
20 committee;
- 21 (iii) If the members of the board, commission, or committee serve
22 on a full-time basis: The chief executive officer or administrative
23 officer as designated by the board, commission, or committee; and a
24 confidential secretary to the chair of the board, commission, or
25 committee;
- 26 (iv) If all members of the board, commission, or committee serve
27 ex officio: The chief executive officer; and the confidential
28 secretary of such chief executive officer;
- 29 (i) The confidential secretaries and administrative assistants in
30 the immediate offices of the elective officers of the state;
- 31 (j) Assistant attorneys general;
- 32 (k) Commissioned and enlisted personnel in the military service
33 of the state;
- 34 (l) Inmate, student, and temporary employees, and part-time
35 professional consultants, as defined by the director;
- 36 (m) Officers and employees of the Washington state fruit
37 commission;
- 38 (n) Officers and employees of the Washington apple commission;
- 39 (o) Officers and employees of the Washington state dairy products
40 commission;

1 (p) Officers and employees of the Washington tree fruit research
2 commission;

3 (q) Officers and employees of the Washington state beef
4 commission;

5 (r) Officers and employees of the Washington grain commission;

6 (s) Officers and employees of any commission formed under chapter
7 15.66 RCW;

8 (t) Officers and employees of agricultural commissions formed
9 under chapter 15.65 RCW;

10 (u) Executive assistants for personnel administration and labor
11 relations in all state agencies employing such executive assistants
12 including but not limited to all departments, offices, commissions,
13 committees, boards, or other bodies subject to the provisions of this
14 chapter and this subsection shall prevail over any provision of law
15 inconsistent herewith unless specific exception is made in such law;

16 (v) In each agency with fifty or more employees: Deputy agency
17 heads, assistant directors or division directors, and not more than
18 three principal policy assistants who report directly to the agency
19 head or deputy agency heads;

20 (w) Staff employed by the department of commerce to administer
21 energy policy functions;

22 (x) The manager of the energy facility site evaluation council;

23 (y) A maximum of ten staff employed by the department of commerce
24 to administer innovation and policy functions, including the three
25 principal policy assistants exempted under (v) of this subsection;

26 (z) Staff employed by Washington State University to administer
27 energy education, applied research, and technology transfer programs
28 under RCW 43.21F.045 as provided in RCW 28B.30.900(5);

29 (aa) Officers and employees of the consolidated technology
30 services agency created in RCW 43.105.006 that perform the following
31 functions or duties: Systems integration; data center engineering and
32 management; network systems engineering and management; information
33 technology contracting; information technology customer relations
34 management; and network and systems security;

35 (bb) The executive director of the Washington statewide reentry
36 council; and

37 (cc) Officers and employees of the Washington state cannabis
38 commission under chapter 15.--- RCW (the new chapter created in
39 section 17 of this act).

1 (2) The following classifications, positions, and employees of
2 institutions of higher education and related boards are hereby
3 exempted from coverage of this chapter:

4 (a) Members of the governing board of each institution of higher
5 education and related boards, all presidents, vice presidents, and
6 their confidential secretaries, administrative, and personal
7 assistants; deans, directors, and chairs; academic personnel; and
8 executive heads of major administrative or academic divisions
9 employed by institutions of higher education; principal assistants to
10 executive heads of major administrative or academic divisions; other
11 managerial or professional employees in an institution or related
12 board having substantial responsibility for directing or controlling
13 program operations and accountable for allocation of resources and
14 program results, or for the formulation of institutional policy, or
15 for carrying out personnel administration or labor relations
16 functions, legislative relations, public information, development,
17 senior computer systems and network programming, or internal audits
18 and investigations; and any employee of a community college district
19 whose place of work is one which is physically located outside the
20 state of Washington and who is employed pursuant to RCW 28B.50.092
21 and assigned to an educational program operating outside of the state
22 of Washington;

23 (b) The governing board of each institution, and related boards,
24 may also exempt from this chapter classifications involving research
25 activities, counseling of students, extension or continuing education
26 activities, graphic arts or publications activities requiring
27 prescribed academic preparation or special training as determined by
28 the board: PROVIDED, That no nonacademic employee engaged in office,
29 clerical, maintenance, or food and trade services may be exempted by
30 the board under this provision;

31 (c) Printing craft employees in the department of printing at the
32 University of Washington.

33 (3) In addition to the exemptions specifically provided by this
34 chapter, the director may provide for further exemptions pursuant to
35 the following procedures. The governor or other appropriate elected
36 official may submit requests for exemption to the office of financial
37 management stating the reasons for requesting such exemptions. The
38 director shall hold a public hearing, after proper notice, on
39 requests submitted pursuant to this subsection. If the director
40 determines that the position for which exemption is requested is one

1 involving substantial responsibility for the formulation of basic
2 agency or executive policy or one involving directing and controlling
3 program operations of an agency or a major administrative division
4 thereof, or is a senior expert in enterprise information technology
5 infrastructure, engineering, or systems, the director shall grant the
6 request. The total number of additional exemptions permitted under
7 this subsection shall not exceed one percent of the number of
8 employees in the classified service not including employees of
9 institutions of higher education and related boards for those
10 agencies not directly under the authority of any elected public
11 official other than the governor, and shall not exceed a total of
12 twenty-five for all agencies under the authority of elected public
13 officials other than the governor.

14 (4) The salary and fringe benefits of all positions presently or
15 hereafter exempted except for the chief executive officer of each
16 agency, full-time members of boards and commissions, administrative
17 assistants and confidential secretaries in the immediate office of an
18 elected state official, and the personnel listed in subsections
19 (1)(j) through (t), (cc), and (2) of this section, shall be
20 determined by the director. Changes to the classification plan
21 affecting exempt salaries must meet the same provisions for
22 classified salary increases resulting from adjustments to the
23 classification plan as outlined in RCW 41.06.152.

24 (5)(a) Any person holding a classified position subject to the
25 provisions of this chapter shall, when and if such position is
26 subsequently exempted from the application of this chapter, be
27 afforded the following rights: If such person previously held
28 permanent status in another classified position, such person shall
29 have a right of reversion to the highest class of position previously
30 held, or to a position of similar nature and salary.

31 (b) Any classified employee having civil service status in a
32 classified position who accepts an appointment in an exempt position
33 shall have the right of reversion to the highest class of position
34 previously held, or to a position of similar nature and salary.

35 (c) A person occupying an exempt position who is terminated from
36 the position for gross misconduct or malfeasance does not have the
37 right of reversion to a classified position as provided for in this
38 section.

1 NEW SECTION. **Sec. 17.** Sections 1 through 14 of this act
2 constitute a new chapter in Title 15 RCW."

3 Correct the title.

EFFECT: (1) Adds intent that the Washington state cannabis commission (commission) is intended to support social equity efforts in the cannabis industry, including increasing participation in licensed cannabis production and licensed cannabis production and processing by persons who reside in, or have resided in, a disproportionately impacted area, or who are both a socially and economically disadvantaged individual as defined by the office of minority and women's business enterprises (OMWBE), with a goal of reducing accumulated harm suffered by individuals, families, and local areas subject to severe impacts from the historical application and enforcement of cannabis prohibition laws.

(2) Modifies the commission's purposes as follows: (a) Eliminates the purpose of fostering conditions favorable to investment in cannabis produced in Washington in accordance with state and federal laws; (b) removes a reference to ensuring reliable and economical cannabis product in Washington, in the context of the purpose of discovering and developing new and improved cultivars; (c) removes a reference to ensuring a balanced and sufficient supply of cannabis and cannabis products of good quality during all seasons and at all times, in the context of the purpose of protecting the interest of consumers and Washington by advising on the overall production of cannabis; and (d) adds a purpose of the commission to support Washington state's policies and work to improve social equity in the cannabis industry by increasing participation in licensed cannabis production and licensed cannabis production and processing by persons who reside in, or have resided in, a disproportionately impacted area, or who are both a socially and economically disadvantaged individual as defined by OMWBE, and raising awareness about and working to eliminate unconscious bias.

(3) Requires commission members to complete training on unconscious bias.

(4) Specifies that no referendum to establish the commission may be conducted until July 1, 2025, unless the director of the Washington state department of agriculture receives written notice from the liquor and cannabis board (LCB) that, pursuant to separate legislation enacted after January 1, 2023, the LCB has issued or reissued the maximum number of cannabis producer and processor licenses made available for issuance or reissuance to applicants meeting social equity criteria under the terms of the separately enacted legislation.

(5) Specifies that the statewide at-large cannabis producer or cannabis producer/processor member of the 13-member commission must be licensed by the LCB pursuant to social equity criteria under separately enacted legislation expanding the existing cannabis social equity program to include issuing or reissuing cannabis producer and processor licenses.

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