

Proposed Substitute House Bill 1650 (H-2406.1)

House Regulated Substances & Gaming Committee

By Representative Wylie

Original Bill as passed by the House Regulated Substances & Gaming Committee in 2023:

- Prevents local governments from prohibiting the siting or operation of cannabis retail businesses in their jurisdiction after July 1, 2027, unless a majority of voters in the jurisdiction voting in a general election held after July 1, 2023, vote to approve an ordinance prohibiting the siting or operation of cannabis retailers.
 - Establishes state preemption of the regulation of cannabis retail businesses except for the authorization for voter-approved bans at the city, town, or county level, and limited exceptions.
 - Re-allocates certain cannabis excise tax revenues until July 1, 2032, directing 50 percent of re-allocated funds to substance abuse disorder prevention and treatment services and 50 percent of re-allocated funds to cannabis research.
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Proposed Substitute House Bill (H-2406.1) compared to the Original Bill:

- Adjusts dates in the Original Bill by one year to prevent local governments from prohibiting the siting or operating of cannabis retail businesses in their jurisdiction after July 1, 2028, unless a majority of voters in the jurisdiction voting in a general election held after July 1, 2024, vote to approve an ordinance prohibiting the siting or operation of cannabis retailers.
- Adjusts another date in the Original Bill by one year to re-allocate certain cannabis excise tax revenues until July 1, 2033, instead of until July 1, 2032.
- Makes a technical change to amend the current version of RCW 69.50.540 (relating to cannabis excise tax appropriations), which was affected by a law enacted during the 2023 Regular Legislative Session.

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1 AN ACT Relating to requiring voter approval for local government
2 prohibitions on the operation and siting of cannabis retail
3 businesses; amending RCW 69.50.540; adding new sections to chapter
4 69.50 RCW; adding a new section to chapter 36.01 RCW; adding a new
5 section to chapter 35.21 RCW; and adding a new section to chapter
6 35A.21 RCW.

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

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

10 (1) Beginning July 1, 2028, a city, town, or county may prohibit
11 the siting or operation of any business or facility to be used for
12 the retail sale of cannabis products under this chapter only if:

13 (a) The city, town, or county initiates an ordinance by
14 submitting a ballot proposition at a general election prohibiting the
15 siting or operation of any business or facility to be used for the
16 retail sale of cannabis under this chapter;

17 (b) A majority of the voters of the county, city, or town voting
18 in the election approve the prohibition; and

19 (c) The election is held on a date after July 1, 2024.

20 (2) A prohibition takes effect on the date specified in the
21 ballot proposition. If no effective date is specified in the ballot

1 proposition, the prohibition takes effect on a date specified by the
2 legislative authority that must be at least 30 days and no later than
3 60 days after the election.

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

8 (4) Nothing in this section may be construed to extend powers to
9 cities, towns, or counties beyond the power to prohibit the siting or
10 operation of a business or facility to be used for the sale of
11 cannabis.

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

14 (1) Except as provided in section 1 of this act and in
15 subsections (2) through (4) of this section, the state of Washington
16 has sole authority to regulate cannabis retailers licensed under this
17 chapter and counties, cities, and towns are preempted from engaging
18 in the regulation of cannabis retailers.

19 (2) Cities, towns, and counties retain their existing zoning
20 authority regarding the siting of cannabis retailers.

21 (3) (a) Except as provided in section 1 of this act and in (b) of
22 this subsection, counties, cities, and towns may not enact any
23 ordinance, regulation, or land use plan that has the effect of
24 precluding the siting or operation of cannabis retailers within their
25 jurisdictional boundaries.

26 (b) A city, town, or county that prohibits the siting and
27 operation of any retail business within its jurisdictional boundaries
28 may enact an ordinance or regulation that precludes the siting and
29 operation of state cannabis businesses.

30 (4) Nothing in this section may be construed to prevent a city,
31 town, or county from applying ordinances of general application to
32 cannabis businesses.

33 (5) Following the passage of an ordinance under section 1 of this
34 act, the board may not issue a license under RCW 69.50.325(3) for the
35 retail sale of cannabis with respect to a business that is either
36 located or proposed to be located within an area subject to the
37 ordinance.

1 (6) This section does not extend powers to cities, towns, or
2 counties beyond the power to prohibit the siting or operation of a
3 business or facility to be used for the sale of cannabis.

4 NEW SECTION. **Sec. 3.** A new section is added to chapter 36.01
5 RCW to read as follows:

6 A county may enact an ordinance prohibiting the siting or
7 operation of any retail cannabis business or activity within its
8 jurisdictional boundaries if the ordinance is enacted in accordance
9 with the requirements of section 1 of this act.

10 NEW SECTION. **Sec. 4.** A new section is added to chapter 35.21
11 RCW to read as follows:

12 A city or town may enact an ordinance prohibiting the siting or
13 operation of any retail cannabis business or activity within its
14 jurisdictional boundaries if the ordinance is enacted in accordance
15 with the requirements of section 1 of this act.

16 NEW SECTION. **Sec. 5.** A new section is added to chapter 35A.21
17 RCW to read as follows:

18 A code city may enact an ordinance prohibiting the siting or
19 operation of any retail cannabis business or activity within its
20 jurisdictional boundaries if the ordinance is enacted in accordance
21 with the requirements of section 1 of this act.

22 **Sec. 6.** RCW 69.50.540 and 2023 c 470 s 1015 are each amended to
23 read as follows:

24 (1) (~~For~~) Except as provided in subsection (4) of this section,
25 for the purposes of this subsection (1), the legislature must
26 appropriate the amounts provided in this subsection:

27 (a) \$12,500,000 annually to the board for administration of this
28 chapter as appropriated in the omnibus appropriations act;

29 (b) \$11,000,000 annually to the department of health for the
30 following:

31 (i) Creation, implementation, operation, and management of a
32 cannabis, vapor product, and commercial tobacco education and public
33 health program that contains the following:

34 (A) A cannabis use public health hotline that provides referrals
35 to substance abuse treatment providers, uses evidence-based or
36 research-based public health approaches to minimizing the harms

1 associated with cannabis use, and does not solely advocate an
2 abstinence-only approach;

3 (B) Programs that support development and implementation of
4 coordinated intervention strategies for the prevention and reduction
5 of commercial tobacco, vapor product, and cannabis use by youth and
6 cannabis cessation treatment services, including grant programs to
7 local health departments or other local community agencies;

8 (C) Media-based education campaigns across television, internet,
9 radio, print, and out-of-home advertising, separately targeting youth
10 and adults, that provide medically and scientifically accurate
11 information about the health and safety risks posed by cannabis use;
12 and

13 (D) Outreach to priority populations regarding commercial
14 tobacco, vapor product, and cannabis use, prevention, and cessation;
15 and

16 (ii) The Washington poison control center;

17 (c) (i) \$3,000,000 annually to the department of commerce to fund
18 cannabis social equity grants under RCW 43.330.540; and

19 (ii) \$200,000 annually to the department of commerce to fund
20 technical assistance through a roster of mentors under RCW
21 43.330.540;

22 (d) \$200,000 annually, until June 30, 2032, to the health care
23 authority to contract with the Washington state institute for public
24 policy to conduct the cost-benefit evaluations and produce the
25 reports described in RCW 69.50.550;

26 (e) \$25,000 annually to the University of Washington alcohol and
27 drug abuse institute for the creation, maintenance, and timely
28 updating of web-based public education materials providing medically
29 and scientifically accurate information about the health and safety
30 risks posed by cannabis use;

31 (f) \$300,000 annually to the University of Washington and
32 \$175,000 annually to the Washington State University for research on
33 the short-term and long-term effects of cannabis use to include, but
34 not be limited to, formal and informal methods for estimating and
35 measuring intoxication and impairments, and for the dissemination of
36 such research;

37 (g) \$550,000 annually to the office of the superintendent of
38 public instruction to fund grants to building bridges programs under
39 chapter 28A.175 RCW;

1 (h) \$2,423,000 for fiscal year 2022 and \$2,423,000 for fiscal
2 year 2023 to the Washington state patrol for a drug enforcement task
3 force;

4 (i) \$270,000 for fiscal year 2022 and \$290,000 for fiscal year
5 2023 to the department of ecology for implementation of accreditation
6 of cannabis product testing laboratories;

7 (j) \$800,000 for each of fiscal years 2020 through 2023 to the
8 department of health for the administration of the cannabis
9 authorization database; and

10 (k) \$621,000 for fiscal year 2022 and \$635,000 for fiscal year
11 2023 to the department of agriculture for compliance-based laboratory
12 analysis of pesticides in cannabis.

13 (2) (~~Subsections~~ [~~Subsection~~]) Subsection (1)(a) through (g) of
14 this section must be adjusted annually based on the United States
15 bureau of labor statistics' consumer price index for the Seattle
16 area.

17 (3) After appropriation of the amounts identified in subsection
18 (1) of this section, the legislature must annually appropriate such
19 remaining amounts for the purposes listed in this subsection (3) as
20 follows:

21 (a) (~~Fifty-two~~) 52 percent to the state basic health plan trust
22 account to be administered by the Washington basic health plan
23 administrator and used as provided under chapter 70.47 RCW;

24 (b) (~~Eleven~~) 11 percent to the health care authority to:

25 (i) Design and administer the Washington state healthy youth
26 survey, analyze the collected data, and produce reports, in
27 collaboration with the office of the superintendent of public
28 instruction, department of health, department of commerce, family
29 policy council, and board. The survey must be conducted at least
30 every two years and include questions regarding, but not necessarily
31 limited to, academic achievement, age at time of substance use
32 initiation, antisocial behavior of friends, attitudes toward
33 antisocial behavior, attitudes toward substance use, laws and
34 community norms regarding antisocial behavior, family conflict,
35 family management, parental attitudes toward substance use, peer
36 rewarding of antisocial behavior, perceived risk of substance use,
37 and rebelliousness. Funds disbursed under this subsection may be used
38 to expand administration of the healthy youth survey to student
39 populations attending institutions of higher education in Washington;

1 (ii) Develop, implement, maintain, and evaluate programs and
2 practices aimed at the prevention or reduction of maladaptive
3 substance use, substance use disorder, substance abuse or substance
4 dependence, as these terms are defined in the diagnostic and
5 statistical manual of mental disorders, among middle school and high
6 school-age students, whether as an explicit goal of a given program
7 or practice or as a consistently corresponding effect of its
8 implementation, mental health services for children and youth, and
9 services for pregnant and parenting women. In deciding which programs
10 and practices to fund under this subsection (3)(b)(ii), the director
11 of the health care authority must consult, at least annually, with
12 the University of Washington's social development research group and
13 the University of Washington's alcohol and drug abuse institute; and

14 (iii) Contract with community health centers to provide primary
15 health and dental care services, migrant health services, and
16 maternity health care services as provided under RCW 41.05.220;

17 (c)(i) One and one-half percent to counties, cities, and towns
18 where licensed cannabis retailers are physically located. Each
19 jurisdiction must receive a share of the revenue distribution under
20 this subsection (3)(c)(i) based on the proportional share of the
21 total revenues generated in the individual jurisdiction from the
22 taxes collected under RCW 69.50.535, from licensed cannabis retailers
23 physically located in each jurisdiction. For purposes of this
24 subsection (3)(c), 100 percent of the proportional amount attributed
25 to a retailer physically located in a city or town must be
26 distributed to the city or town;

27 (ii) Three and one-half percent to counties, cities, and towns
28 ratably on a per capita basis. Counties must receive 60 percent of
29 the distribution based on each county's total proportional
30 population. Funds may only be distributed to jurisdictions that do
31 not prohibit the siting of any state licensed cannabis producer,
32 processor, or retailer;

33 (iii) By September 15th of each year, the board must provide the
34 state treasurer the annual distribution amount made under this
35 subsection (3)(c), if any, for each county and city as determined in
36 (c)(i) and (ii) of this subsection; and

37 (iv) Distribution amounts allocated to each county, city, and
38 town in (c)(i) and (ii) of this subsection must be distributed in
39 four installments by the last day of each fiscal quarter; and

1 (d) (~~Thirty-two~~) 32 percent must be deposited in the state
2 general fund.

3 (4) Until July 1, 2033, an amount equivalent to the total
4 cannabis excise taxes generated by retail outlets in cities, towns,
5 and counties that, on the effective date of this section, have a ban
6 or moratorium on the operation or siting of cannabis retailers and
7 have no cannabis retailers operating in their jurisdiction, and that,
8 after the effective date of this section, authorize cannabis retail
9 activity in accordance with section 1 of this act, must be disbursed
10 annually as follows:

11 (a) 50 percent of funds must be used to support substance abuse
12 disorder prevention treatment services including development of best
13 practices for programs and services; and

14 (b) 50 percent of funds must be used for cannabis research
15 including research conducted by the University of Washington and
16 Washington State University under subsection (1)(f) of this section.

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