

## **Proposed Substitute House Bill 1341 (H-2799.1)**

House Regulated Substances & Gaming Committee

By Representative Wylie

### **Original Bill:**

- Requires the Liquor and Cannabis Board (LCB) to suspend a cannabis producer's license if no activity has been recorded on the license after July 1, 2021, and for the license to be reissued to the licensee in certain circumstances tied to federal cannabis law or policy changes.
  - Authorizes out-of-state ownership of licensed cannabis businesses.
  - Modifies requirements about who must qualify for and be named on a cannabis license so that, generally, a natural person holding an ownership interest of 10 percent or less of the entity is not required to qualify for or be named on the license, subject to requirements.
  - Authorizes the LCB to impose additional licensing fees to recover costs incurred in investigating a nonresident required to be investigated.
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### **Proposed Substitute House Bill (H-2799.1) compared to the Original Bill:**

- Moves dates one year to the future so that:
  - the LCB must suspend a cannabis producer's license if no activity has been recorded on the license after July 1, 2022, instead of after July 1, 2021;
  - the provisions requiring suspension of inactive cannabis producer licenses take effect July 1, 2024, instead of July 1, 2023; and
  - the provisions eliminating the residency requirement, modifying requirements for which owners must qualify for and be named on a cannabis license, and authorizing additional license fees, take effect January 1, 2025, instead of January 1, 2024.
- Makes technical changes so that:
  - the bill amends the current version of RCW 69.50.331, relating to cannabis license application and issuance requirements, which was affected by a law enacted during the 2023 Regular Session; and
  - an existing definition of the term "chronic illegal activity" is moved to a different subsection within the same section, to be located with the new definitions of the words "entity" and "interest" added by the original bill.

Staff: Peter Clodfelter, Office of Program Research

Date: January 21, 2024

1 AN ACT Relating to cannabis license ownership; amending RCW  
2 69.50.325, 69.50.331, and 69.50.331; providing effective dates; and  
3 providing an expiration date.

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

5 **Sec. 1.** RCW 69.50.325 and 2022 c 16 s 54 are each amended to  
6 read as follows:

7 (1) There shall be a cannabis producer's license regulated by the  
8 board and subject to annual renewal. The licensee is authorized to  
9 produce: (a) Cannabis for sale at wholesale to cannabis processors  
10 and other cannabis producers; (b) immature plants or clones and seeds  
11 for sale to cooperatives as described under RCW 69.51A.250; and (c)  
12 immature plants or clones and seeds for sale to qualifying patients  
13 and designated providers as provided under RCW 69.51A.310. The  
14 production, possession, delivery, distribution, and sale of cannabis  
15 in accordance with the provisions of this chapter and the rules  
16 adopted to implement and enforce it, by a validly licensed cannabis  
17 producer, shall not be a criminal or civil offense under Washington  
18 state law. Every cannabis producer's license shall be issued in the  
19 name of the applicant(~~(r)~~) in accordance with RCW 69.50.331 and shall  
20 specify the location at which the cannabis producer intends to  
21 operate, which must be within the state of Washington, and the holder

1 thereof shall not allow any other person to use the license. The  
2 application fee for a cannabis producer's license shall be two  
3 hundred fifty dollars plus any additional application or licensing  
4 fee required under RCW 69.50.331(1). The annual fee for issuance and  
5 renewal of a cannabis producer's license shall be one thousand three  
6 hundred eighty-one dollars. A separate license shall be required for  
7 each location at which a cannabis producer intends to produce  
8 cannabis.

9 (2) There shall be a cannabis processor's license to process,  
10 package, and label cannabis concentrates, useable cannabis, and  
11 cannabis-infused products for sale at wholesale to cannabis  
12 processors and cannabis retailers, regulated by the board and subject  
13 to annual renewal. The processing, packaging, possession, delivery,  
14 distribution, and sale of cannabis, useable cannabis, cannabis-  
15 infused products, and cannabis concentrates in accordance with the  
16 provisions of this chapter and chapter 69.51A RCW and the rules  
17 adopted to implement and enforce these chapters, by a validly  
18 licensed cannabis processor, shall not be a criminal or civil offense  
19 under Washington state law. Every cannabis processor's license shall  
20 be issued in the name of the applicant, shall specify the location at  
21 which the licensee intends to operate, which must be within the state  
22 of Washington, and the holder thereof shall not allow any other  
23 person to use the license. The application fee for a cannabis  
24 processor's license shall be two hundred fifty dollars. The annual  
25 fee for issuance and renewal of a cannabis processor's license shall  
26 be one thousand three hundred eighty-one dollars. A separate license  
27 shall be required for each location at which a cannabis processor  
28 intends to process cannabis.

29 (3) (a) There shall be a cannabis retailer's license to sell  
30 cannabis concentrates, useable cannabis, and cannabis-infused  
31 products at retail in retail outlets, regulated by the board and  
32 subject to annual renewal. The possession, delivery, distribution,  
33 and sale of cannabis concentrates, useable cannabis, and cannabis-  
34 infused products in accordance with the provisions of this chapter  
35 and the rules adopted to implement and enforce it, by a validly  
36 licensed cannabis retailer, shall not be a criminal or civil offense  
37 under Washington state law. Every cannabis retailer's license shall  
38 be issued in the name of the applicant(~~r~~) in accordance with RCW  
39 69.50.331 and shall specify the location of the retail outlet the  
40 licensee intends to operate, which must be within the state of

1 Washington, and the holder thereof shall not allow any other person  
2 to use the license. The application fee for a cannabis retailer's  
3 license shall be two hundred fifty dollars plus any additional  
4 application or licensing fee required under RCW 69.50.331(1). The  
5 annual fee for issuance and renewal of a cannabis retailer's license  
6 shall be one thousand three hundred eighty-one dollars. A separate  
7 license shall be required for each location at which a cannabis  
8 retailer intends to sell cannabis concentrates, useable cannabis, and  
9 cannabis-infused products.

10 (b) An individual retail licensee and all other persons or  
11 entities with a financial or other ownership interest in the business  
12 operating under the license are limited, in the aggregate, to holding  
13 a collective total of not more than five retail cannabis licenses.

14 (c) (i) A cannabis retailer's license is subject to forfeiture in  
15 accordance with rules adopted by the board pursuant to this section.

16 (ii) The board shall adopt rules to establish a license  
17 forfeiture process for a licensed cannabis retailer that is not fully  
18 operational and open to the public within a specified period from the  
19 date of license issuance, as established by the board, subject to the  
20 following restrictions:

21 (A) No cannabis retailer's license may be subject to forfeiture  
22 within the first nine months of license issuance; and

23 (B) The board must require license forfeiture on or before  
24 twenty-four calendar months of license issuance if a cannabis  
25 retailer is not fully operational and open to the public, unless the  
26 board determines that circumstances out of the licensee's control are  
27 preventing the licensee from becoming fully operational and that, in  
28 the board's discretion, the circumstances warrant extending the  
29 forfeiture period beyond twenty-four calendar months.

30 (iii) The board has discretion in adopting rules under this  
31 subsection (3) (c).

32 (iv) ~~((This subsection (3) (c) applies to cannabis retailer's~~  
33 ~~licenses issued before and after July 23, 2017. However, no license~~  
34 ~~of a cannabis retailer that otherwise meets the conditions for~~  
35 ~~license forfeiture established pursuant to this subsection (3) (c) may~~  
36 ~~be subject to forfeiture within the first nine calendar months of~~  
37 ~~July 23, 2017.~~

38 (+v)) The board may not require license forfeiture if the  
39 licensee has been incapable of opening a fully operational retail

1 cannabis business due to actions by the city, town, or county with  
2 jurisdiction over the licensee that include any of the following:

3 (A) The adoption of a ban or moratorium that prohibits the  
4 opening of a retail cannabis business; or

5 (B) The adoption of an ordinance or regulation related to zoning,  
6 business licensing, land use, or other regulatory measure that has  
7 the effect of preventing a licensee from receiving an occupancy  
8 permit from the jurisdiction or which otherwise prevents a licensed  
9 cannabis retailer from becoming operational.

10 (d) The board may issue cannabis retailer licenses pursuant to  
11 this chapter and RCW 69.50.335.

12 **Sec. 2.** RCW 69.50.331 and 2023 c 220 s 2 are each amended to  
13 read as follows:

14 (1) For the purpose of considering any application for a license  
15 to produce, process, research, transport, or deliver cannabis,  
16 useable cannabis, cannabis concentrates, or cannabis-infused products  
17 subject to the regulations established under RCW 69.50.385, or sell  
18 cannabis, or for the renewal of a license to produce, process,  
19 research, transport, or deliver cannabis, useable cannabis, cannabis  
20 concentrates, or cannabis-infused products subject to the regulations  
21 established under RCW 69.50.385, or sell cannabis, the board must  
22 conduct a comprehensive, fair, and impartial evaluation of the  
23 applications timely received.

24 (a) The board may cause an inspection of the premises to be made,  
25 and may inquire into all matters in connection with the construction  
26 and operation of the premises. For the purpose of reviewing any  
27 application for a license and for considering the denial, suspension,  
28 revocation, cancellation, or renewal or denial thereof, of any  
29 license, the board may consider any prior criminal arrests or  
30 convictions of the applicant, any public safety administrative  
31 violation history record with the board, and a criminal history  
32 record information check. The board may submit the criminal history  
33 record information check to the Washington state patrol and to the  
34 identification division of the federal bureau of investigation in  
35 order that these agencies may search their records for prior arrests  
36 and convictions of the individual or individuals who filled out the  
37 forms. The board must require fingerprinting of any applicant whose  
38 criminal history record information check is submitted to the federal  
39 bureau of investigation. The provisions of RCW 9.95.240 and of

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

10 (b) No license of any kind may be issued to:

11 (i) A person under the age of 21 years;

12 (ii) A person doing business as a sole proprietor who has not  
13 lawfully resided in the state for at least six months prior to  
14 applying to receive a license;

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

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

22 (2)(a) The board may, in its discretion, subject to RCW  
23 43.05.160, 69.50.563, 69.50.562, 69.50.334, and 69.50.342(3) suspend  
24 or cancel any license; and all protections of the licensee from  
25 criminal or civil sanctions under state law for producing,  
26 processing, researching, or selling cannabis, cannabis concentrates,  
27 useable cannabis, or cannabis-infused products thereunder must be  
28 suspended or terminated, as the case may be.

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

37 (c)(i) The board must suspend a cannabis producer's license  
38 issued under RCW 69.50.325 if no activity has been recorded on the  
39 license after July 1, 2022.

1 (ii) A cannabis producer's license suspended under (c)(i) of this  
2 subsection must be reissued to the licensee when:

3 (A) Federal law allows for the interstate transfer of cannabis  
4 between authorized cannabis-related businesses; or

5 (B) The United States department of justice issues an opinion or  
6 memorandum allowing or tolerating the interstate transfer of cannabis  
7 between authorized cannabis-related businesses.

8 (d) The board may request the appointment of administrative law  
9 judges under chapter 34.12 RCW who shall have power to administer  
10 oaths, issue subpoenas for the attendance of witnesses and the  
11 production of papers, books, accounts, documents, and testimony,  
12 examine witnesses, receive testimony in any inquiry, investigation,  
13 hearing, or proceeding in any part of the state, and consider  
14 mitigating and aggravating circumstances in any case and deviate from  
15 any prescribed penalty, under rules the board may adopt.

16 ~~((d))~~ (e) Witnesses must be allowed fees and mileage each way  
17 to and from any inquiry, investigation, hearing, or proceeding at the  
18 rate authorized by RCW 34.05.446. Fees need not be paid in advance of  
19 appearance of witnesses to testify or to produce books, records, or  
20 other legal evidence.

21 ~~((e))~~ (f) In case of disobedience of any person to comply with  
22 the order of the board or a subpoena issued by the board, or any of  
23 its members, or administrative law judges, or on the refusal of a  
24 witness to testify to any matter regarding which he or she may be  
25 lawfully interrogated, the judge of the superior court of the county  
26 in which the person resides, on application of any member of the  
27 board or administrative law judge, compels obedience by contempt  
28 proceedings, as in the case of disobedience of the requirements of a  
29 subpoena issued from said court or a refusal to testify therein.

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

1 (4) Every license issued under this chapter is subject to all  
2 conditions and restrictions imposed by this chapter or by rules  
3 adopted by the board to implement and enforce this chapter. All  
4 conditions and restrictions imposed by the board in the issuance of  
5 an individual license must be listed on the face of the individual  
6 license along with the trade name, address, and expiration date.

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

9 (6) No licensee may employ any person under the age of 21 years.

10 (7)(a) Before the board issues a new or renewed license to an  
11 applicant it must give notice of the application to the chief  
12 executive officer of the incorporated city or town, if the  
13 application is for a license within an incorporated city or town, or  
14 to the county legislative authority, if the application is for a  
15 license outside the boundaries of incorporated cities or towns, or to  
16 the tribal government if the application is for a license within  
17 Indian country, or to the port authority if the application for a  
18 license is located on property owned by a port authority.

19 (b) The incorporated city or town through the official or  
20 employee selected by it, the county legislative authority or the  
21 official or employee selected by it, the tribal government, or port  
22 authority has the right to file with the board within twenty days  
23 after the date of transmittal of the notice for applications, or at  
24 least thirty days prior to the expiration date for renewals, written  
25 objections against the applicant or against the premises for which  
26 the new or renewed license is asked. The board may extend the time  
27 period for submitting written objections upon request from the  
28 authority notified by the board.

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

1 (d) Upon the granting of a license under this title the board  
2 must send written notification to the chief executive officer of the  
3 incorporated city or town in which the license is granted, or to the  
4 county legislative authority if the license is granted outside the  
5 boundaries of incorporated cities or towns.

6 (8)(a) Except as provided in (b) through (e) of this subsection,  
7 the board may not issue a license for any premises within 1,000 feet  
8 of the perimeter of the grounds of any elementary or secondary  
9 school, playground, recreation center or facility, child care center,  
10 public park, public transit center, or library, or any game arcade  
11 admission to which is not restricted to persons aged 21 years or  
12 older.

13 (b) A city, county, or town may permit the licensing of premises  
14 within 1,000 feet but not less than 100 feet of the facilities  
15 described in (a) of this subsection, except elementary schools,  
16 secondary schools, and playgrounds, by enacting an ordinance  
17 authorizing such distance reduction, provided that such distance  
18 reduction will not negatively impact the jurisdiction's civil  
19 regulatory enforcement, criminal law enforcement interests, public  
20 safety, or public health.

21 (c) A city, county, or town may permit the licensing of research  
22 premises allowed under RCW 69.50.372 within 1,000 feet but not less  
23 than 100 feet of the facilities described in (a) of this subsection  
24 by enacting an ordinance authorizing such distance reduction,  
25 provided that the ordinance will not negatively impact the  
26 jurisdiction's civil regulatory enforcement, criminal law  
27 enforcement, public safety, or public health.

28 (d) The board may license premises located in compliance with the  
29 distance requirements set in an ordinance adopted under (b) or (c) of  
30 this subsection. Before issuing or renewing a research license for  
31 premises within 1,000 feet but not less than 100 feet of an  
32 elementary school, secondary school, or playground in compliance with  
33 an ordinance passed pursuant to (c) of this subsection, the board  
34 must ensure that the facility:

35 (i) Meets a security standard exceeding that which applies to  
36 cannabis producer, processor, or retailer licensees;

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

39 (iii) Bears no advertising or signage indicating that it is a  
40 cannabis research facility.

1 (e) The board must issue a certificate of compliance if the  
2 premises met the requirements under (a), (b), (c), or (d) of this  
3 subsection on the date of the application. The certificate allows the  
4 licensee to operate the business at the proposed location  
5 notwithstanding a later occurring, otherwise disqualifying factor.

6 (f) The board may not issue a license for any premises within  
7 Indian country, as defined in 18 U.S.C. Sec. 1151, including any fee  
8 patent lands within the exterior boundaries of a reservation, without  
9 the consent of the federally recognized tribe associated with the  
10 reservation or Indian country.

11 (9) A city, town, or county may adopt an ordinance prohibiting a  
12 cannabis producer or cannabis processor from operating or locating a  
13 business within areas zoned primarily for residential use or rural  
14 use with a minimum lot size of five acres or smaller.

15 (10) In determining whether to grant or deny a license or renewal  
16 of any license, the board must give substantial weight to objections  
17 from an incorporated city or town or county legislative authority  
18 based upon chronic illegal activity associated with the applicant's  
19 operations of the premises proposed to be licensed or the applicant's  
20 operation of any other licensed premises, or the conduct of the  
21 applicant's patrons inside or outside the licensed premises. "Chronic  
22 illegal activity" means (a) a pervasive pattern of activity that  
23 threatens the public health, safety, and welfare of the city, town,  
24 or county including, but not limited to, open container violations,  
25 assaults, disturbances, disorderly conduct, or other criminal law  
26 violations, or as documented in crime statistics, police reports,  
27 emergency medical response data, calls for service, field data, or  
28 similar records of a law enforcement agency for the city, town,  
29 county, or any other municipal corporation or any state agency; or  
30 (b) an unreasonably high number of citations for violations of RCW  
31 46.61.502 associated with the applicant's or licensee's operation of  
32 any licensed premises as indicated by the reported statements given  
33 to law enforcement upon arrest.

34 (11) The board may not issue a cannabis retail license for any  
35 premises not currently licensed if:

36 (a) The board receives a written objection from the legislative  
37 authority of an incorporated city or town, or county legislative  
38 authority, relating to the physical location of the proposed  
39 premises;

1 (b) The objection to the location from the incorporated city or  
2 town, or county legislative authority, is received by the board  
3 within 20 days of the board notifying the incorporated city or town,  
4 or county legislative authority, of the proposed cannabis retail  
5 location; and

6 (c) The objection to the issuance of a cannabis retail license at  
7 the specified location is based on a preexisting local ordinance  
8 limiting outlet density in a specific geographic area. For purposes  
9 of this subsection (11), a preexisting local ordinance is an  
10 ordinance enacted and in effect before the date the applicant submits  
11 an application for a cannabis retail license to the board identifying  
12 the premises proposed to be licensed. No objection related to the  
13 physical location of a proposed premises may be made by a local  
14 government under this subsection (11) based on a local ordinance  
15 enacted after the date the applicant submits an application for a  
16 cannabis retail license to the board identifying the premises  
17 proposed to be licensed.

18 (12) After January 1, 2024, all cannabis licensees are encouraged  
19 but are not required to submit a social equity plan to the board.  
20 Upon confirmation by the board that a cannabis licensee who is not a  
21 social equity applicant, and who does not hold a social equity  
22 license issued under RCW 69.50.335, has submitted a social equity  
23 plan, the board must within 30 days reimburse such a licensee an  
24 amount equal to the cost of the licensee's annual cannabis license  
25 renewal fee. The license renewal fee reimbursement authorized under  
26 this subsection is subject to the following limitations:

27 (a) The board may provide reimbursement one time only to any  
28 licensed entity; and

29 (b) Any licensed entity holding more than one cannabis license is  
30 eligible for reimbursement of the license renewal fee on only one  
31 license.

32 **Sec. 3.** RCW 69.50.331 and 2023 c 220 s 2 are each amended to  
33 read as follows:

34 (1) For the purpose of considering any application for a license  
35 to produce, process, research, transport, or deliver cannabis,  
36 useable cannabis, cannabis concentrates, or cannabis-infused products  
37 subject to the regulations established under RCW 69.50.385, or sell  
38 cannabis, or for the renewal of a license to produce, process,  
39 research, transport, or deliver cannabis, useable cannabis, cannabis

1 concentrates, or cannabis-infused products subject to the regulations  
2 established under RCW 69.50.385, or sell cannabis, the board must  
3 conduct a comprehensive, fair, and impartial evaluation of the  
4 applications timely received.

5 (a) The board may cause an inspection of the premises to be made,  
6 and may inquire into all matters in connection with the construction  
7 and operation of the premises. For the purpose of reviewing any  
8 application for a license and for considering the denial, suspension,  
9 revocation, cancellation, or renewal or denial thereof, of any  
10 license, the board may consider any prior criminal arrests or  
11 convictions of the applicant, any public safety administrative  
12 violation history record with the board, and a criminal history  
13 record information check. The board may submit the criminal history  
14 record information check to the Washington state patrol and to the  
15 identification division of the federal bureau of investigation in  
16 order that these agencies may search their records for prior arrests  
17 and convictions of the individual or individuals who filled out the  
18 forms. The board must require fingerprinting of any applicant whose  
19 criminal history record information check is submitted to the federal  
20 bureau of investigation. The provisions of RCW 9.95.240 and of  
21 chapter 9.96A RCW do not apply to these cases. Subject to the  
22 provisions of this section, the board may, in its discretion, grant  
23 or deny the renewal or license applied for. Denial may be based on,  
24 without limitation, the existence of chronic illegal activity  
25 documented in objections submitted pursuant to subsections (7)(c) and  
26 (10) of this section. Authority to approve an uncontested or  
27 unopposed license may be granted by the board to any staff member the  
28 board designates in writing. Conditions for granting this authority  
29 must be adopted by rule.

30 (b) No license of any kind may be issued to:

31 (i) A person under the age of 21 years;

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

35 ~~(iii) A partnership, employee cooperative, association, nonprofit~~  
36 ~~corporation, or corporation)) An entity unless formed under the laws~~  
37 ~~of this state((, and unless all of the members thereof are qualified~~  
38 ~~to obtain a license as provided in this section)); or~~

1        ~~((iv))~~ (iii) A person whose place of business is conducted by a  
2 manager or agent, unless the manager or agent possesses the same  
3 qualifications required of the licensee.

4        (c)(i) A person is not required to be a resident of this state  
5 and an entity with a certificate of registration is not required to  
6 be formed under the laws of this state to qualify for a cannabis  
7 license under this chapter, subject to the following requirements:

8        (A) A natural person holding an ownership interest of more than  
9 10 percent in the entity must qualify for and be named on the  
10 license;

11        (B) Except as provided in (c)(i)(C) of this subsection, a natural  
12 person holding an ownership interest of 10 percent or less in the  
13 entity is not required to qualify for or be named on the license;

14        (C) If no natural person holds an ownership interest of more than  
15 10 percent in the entity, the natural person with the largest  
16 ownership interest must qualify for and be named on the license; and

17        (D) Directors of the entity must possess the same qualifications  
18 required of the licensee.

19        (ii) The identification of a natural person holding an ownership  
20 interest of 10 percent or less but more than one percent in the  
21 entity, who is not otherwise required to qualify for and be named on  
22 the license as provided in (c)(i) of this subsection, must be  
23 disclosed to the board.

24        (d) The board may impose additional licensing fees to recover  
25 additional costs incurred in investigating a nonresident required to  
26 be investigated under this section. If, after reasonable efforts, the  
27 board is unable to investigate a nonresident required to be  
28 investigated under this section, in accordance with the investigatory  
29 standards applicable to the investigation of a state resident, the  
30 board may deny a license or license renewal to an entity.

31        (2)(a) The board may, in its discretion, subject to RCW  
32 43.05.160, 69.50.563, 69.50.562, 69.50.334, and 69.50.342(3) suspend  
33 or cancel any license; and all protections of the licensee from  
34 criminal or civil sanctions under state law for producing,  
35 processing, researching, or selling cannabis, cannabis concentrates,  
36 useable cannabis, or cannabis-infused products thereunder must be  
37 suspended or terminated, as the case may be.

38        (b) The board must immediately suspend the license of a person  
39 who has been certified pursuant to RCW 74.20A.320 by the department  
40 of social and health services as a person who is not in compliance

1 with a support order. If the person has continued to meet all other  
2 requirements for reinstatement during the suspension, reissuance of  
3 the license is automatic upon the board's receipt of a release issued  
4 by the department of social and health services stating that the  
5 licensee is in compliance with the order.

6 (c)(i) The board must suspend a cannabis producer's license  
7 issued under RCW 69.50.325 if no activity has been recorded on the  
8 license after July 1, 2022.

9 (ii) A cannabis producer's license suspended under (c)(i) of this  
10 subsection must be reissued to the licensee when:

11 (A) Federal law allows for the interstate transfer of cannabis  
12 between authorized cannabis-related businesses; or

13 (B) The United States department of justice issues an opinion or  
14 memorandum allowing or tolerating the interstate transfer of cannabis  
15 between authorized cannabis-related businesses.

16 (d) The board may request the appointment of administrative law  
17 judges under chapter 34.12 RCW who shall have power to administer  
18 oaths, issue subpoenas for the attendance of witnesses and the  
19 production of papers, books, accounts, documents, and testimony,  
20 examine witnesses, receive testimony in any inquiry, investigation,  
21 hearing, or proceeding in any part of the state, and consider  
22 mitigating and aggravating circumstances in any case and deviate from  
23 any prescribed penalty, under rules the board may adopt.

24 ~~((d))~~ (e) Witnesses must be allowed fees and mileage each way  
25 to and from any inquiry, investigation, hearing, or proceeding at the  
26 rate authorized by RCW 34.05.446. Fees need not be paid in advance of  
27 appearance of witnesses to testify or to produce books, records, or  
28 other legal evidence.

29 ~~((e))~~ (f) In case of disobedience of any person to comply with  
30 the order of the board or a subpoena issued by the board, or any of  
31 its members, or administrative law judges, or on the refusal of a  
32 witness to testify to any matter regarding which he or she may be  
33 lawfully interrogated, the judge of the superior court of the county  
34 in which the person resides, on application of any member of the  
35 board or administrative law judge, compels obedience by contempt  
36 proceedings, as in the case of disobedience of the requirements of a  
37 subpoena issued from said court or a refusal to testify therein.

38 (3) Upon receipt of notice of the suspension or cancellation of a  
39 license, the licensee must forthwith deliver up the license to the  
40 board. Where the license has been suspended only, the board must

1 return the license to the licensee at the expiration or termination  
2 of the period of suspension. The board must notify all other  
3 licensees in the county where the subject licensee has its premises  
4 of the suspension or cancellation of the license; and no other  
5 licensee or employee of another licensee may allow or cause any  
6 cannabis, cannabis concentrates, useable cannabis, or cannabis-  
7 infused products to be delivered to or for any person at the premises  
8 of the subject licensee.

9 (4) Every license issued under this chapter is subject to all  
10 conditions and restrictions imposed by this chapter or by rules  
11 adopted by the board to implement and enforce this chapter. All  
12 conditions and restrictions imposed by the board in the issuance of  
13 an individual license must be listed on the face of the individual  
14 license along with the trade name, address, and expiration date.

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

17 (6) No licensee may employ any person under the age of 21 years.

18 (7)(a) Before the board issues a new or renewed license to an  
19 applicant it must give notice of the application to the chief  
20 executive officer of the incorporated city or town, if the  
21 application is for a license within an incorporated city or town, or  
22 to the county legislative authority, if the application is for a  
23 license outside the boundaries of incorporated cities or towns, or to  
24 the tribal government if the application is for a license within  
25 Indian country, or to the port authority if the application for a  
26 license is located on property owned by a port authority.

27 (b) The incorporated city or town through the official or  
28 employee selected by it, the county legislative authority or the  
29 official or employee selected by it, the tribal government, or port  
30 authority has the right to file with the board within twenty days  
31 after the date of transmittal of the notice for applications, or at  
32 least thirty days prior to the expiration date for renewals, written  
33 objections against the applicant or against the premises for which  
34 the new or renewed license is asked. The board may extend the time  
35 period for submitting written objections upon request from the  
36 authority notified by the board.

37 (c) The written objections must include a statement of all facts  
38 upon which the objections are based, and in case written objections  
39 are filed, the city or town or county legislative authority may  
40 request, and the board may in its discretion hold, a hearing subject

1 to the applicable provisions of Title 34 RCW. If the board makes an  
2 initial decision to deny a license or renewal based on the written  
3 objections of an incorporated city or town or county legislative  
4 authority, the applicant may request a hearing subject to the  
5 applicable provisions of Title 34 RCW. If a hearing is held at the  
6 request of the applicant, board representatives must present and  
7 defend the board's initial decision to deny a license or renewal.

8 (d) Upon the granting of a license under this title the board  
9 must send written notification to the chief executive officer of the  
10 incorporated city or town in which the license is granted, or to the  
11 county legislative authority if the license is granted outside the  
12 boundaries of incorporated cities or towns.

13 (8) (a) Except as provided in (b) through (e) of this subsection,  
14 the board may not issue a license for any premises within 1,000 feet  
15 of the perimeter of the grounds of any elementary or secondary  
16 school, playground, recreation center or facility, child care center,  
17 public park, public transit center, or library, or any game arcade  
18 admission to which is not restricted to persons aged 21 years or  
19 older.

20 (b) A city, county, or town may permit the licensing of premises  
21 within 1,000 feet but not less than 100 feet of the facilities  
22 described in (a) of this subsection, except elementary schools,  
23 secondary schools, and playgrounds, by enacting an ordinance  
24 authorizing such distance reduction, provided that such distance  
25 reduction will not negatively impact the jurisdiction's civil  
26 regulatory enforcement, criminal law enforcement interests, public  
27 safety, or public health.

28 (c) A city, county, or town may permit the licensing of research  
29 premises allowed under RCW 69.50.372 within 1,000 feet but not less  
30 than 100 feet of the facilities described in (a) of this subsection  
31 by enacting an ordinance authorizing such distance reduction,  
32 provided that the ordinance will not negatively impact the  
33 jurisdiction's civil regulatory enforcement, criminal law  
34 enforcement, public safety, or public health.

35 (d) The board may license premises located in compliance with the  
36 distance requirements set in an ordinance adopted under (b) or (c) of  
37 this subsection. Before issuing or renewing a research license for  
38 premises within 1,000 feet but not less than 100 feet of an  
39 elementary school, secondary school, or playground in compliance with

1 an ordinance passed pursuant to (c) of this subsection, the board  
2 must ensure that the facility:

3 (i) Meets a security standard exceeding that which applies to  
4 cannabis producer, processor, or retailer licensees;

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

7 (iii) Bears no advertising or signage indicating that it is a  
8 cannabis research facility.

9 (e) The board must issue a certificate of compliance if the  
10 premises met the requirements under (a), (b), (c), or (d) of this  
11 subsection on the date of the application. The certificate allows the  
12 licensee to operate the business at the proposed location  
13 notwithstanding a later occurring, otherwise disqualifying factor.

14 (f) The board may not issue a license for any premises within  
15 Indian country, as defined in 18 U.S.C. Sec. 1151, including any fee  
16 patent lands within the exterior boundaries of a reservation, without  
17 the consent of the federally recognized tribe associated with the  
18 reservation or Indian country.

19 (9) A city, town, or county may adopt an ordinance prohibiting a  
20 cannabis producer or cannabis processor from operating or locating a  
21 business within areas zoned primarily for residential use or rural  
22 use with a minimum lot size of five acres or smaller.

23 (10) In determining whether to grant or deny a license or renewal  
24 of any license, the board must give substantial weight to objections  
25 from an incorporated city or town or county legislative authority  
26 based upon chronic illegal activity associated with the applicant's  
27 operations of the premises proposed to be licensed or the applicant's  
28 operation of any other licensed premises, or the conduct of the  
29 applicant's patrons inside or outside the licensed premises.

30 (~~"Chronic illegal activity" means (a) a pervasive pattern of~~  
31 ~~activity that threatens the public health, safety, and welfare of the~~  
32 ~~city, town, or county including, but not limited to, open container~~  
33 ~~violations, assaults, disturbances, disorderly conduct, or other~~  
34 ~~criminal law violations, or as documented in crime statistics, police~~  
35 ~~reports, emergency medical response data, calls for service, field~~  
36 ~~data, or similar records of a law enforcement agency for the city,~~  
37 ~~town, county, or any other municipal corporation or any state agency;~~  
38 ~~or (b) an unreasonably high number of citations for violations of RCW~~  
39 ~~46.61.502 associated with the applicant's or licensee's operation of~~

1 ~~any licensed premises as indicated by the reported statements given~~  
2 ~~to law enforcement upon arrest.))~~

3 (11) The board may not issue a cannabis retail license for any  
4 premises not currently licensed if:

5 (a) The board receives a written objection from the legislative  
6 authority of an incorporated city or town, or county legislative  
7 authority, relating to the physical location of the proposed  
8 premises;

9 (b) The objection to the location from the incorporated city or  
10 town, or county legislative authority, is received by the board  
11 within 20 days of the board notifying the incorporated city or town,  
12 or county legislative authority, of the proposed cannabis retail  
13 location; and

14 (c) The objection to the issuance of a cannabis retail license at  
15 the specified location is based on a preexisting local ordinance  
16 limiting outlet density in a specific geographic area. For purposes  
17 of this subsection (11), a preexisting local ordinance is an  
18 ordinance enacted and in effect before the date the applicant submits  
19 an application for a cannabis retail license to the board identifying  
20 the premises proposed to be licensed. No objection related to the  
21 physical location of a proposed premises may be made by a local  
22 government under this subsection (11) based on a local ordinance  
23 enacted after the date the applicant submits an application for a  
24 cannabis retail license to the board identifying the premises  
25 proposed to be licensed.

26 (12) After January 1, 2024, all cannabis licensees are encouraged  
27 but are not required to submit a social equity plan to the board.  
28 Upon confirmation by the board that a cannabis licensee who is not a  
29 social equity applicant, and who does not hold a social equity  
30 license issued under RCW 69.50.335, has submitted a social equity  
31 plan, the board must within 30 days reimburse such a licensee an  
32 amount equal to the cost of the licensee's annual cannabis license  
33 renewal fee. The license renewal fee reimbursement authorized under  
34 this subsection is subject to the following limitations:

35 (a) The board may provide reimbursement one time only to any  
36 licensed entity; and

37 (b) Any licensed entity holding more than one cannabis license is  
38 eligible for reimbursement of the license renewal fee on only one  
39 license.

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

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

15       (b) "Entity" has the meaning provided in RCW 23.95.105.

16       (c) "Interest" has the meaning provided in RCW 23.95.105.

17       NEW SECTION.   **Sec. 4.** Sections 1 and 3 of this act take effect  
18 January 1, 2025.

19       NEW SECTION.   **Sec. 5.** Section 2 of this act takes effect July 1,  
20 2024.

21       NEW SECTION.   **Sec. 6.** Section 2 of this act expires January 1,  
22 2025.

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