

EFFECT:

- Revises the revenue-threshold framework for cannabis producer tiers by replacing the bill's two-year, monthly-or-annual gross sales structure with cultivation-method-specific annual thresholds measured over a one-year evaluation period.
- Adds cultivation method categories used to determine which annual revenue threshold applies, including indoor cultivation, mixed-light cultivation, light deprivation, and outdoor cultivation.
- Applies specified annual revenue thresholds by cultivation method.
- Defines the one-year evaluation period as the 12 months immediately preceding the month in which the producer license renewal is due, and provides a limited lookback for certain renewals.
- Requires LCB to determine a producer's cultivation method designation based on the predominant cultivation method reflected in the producer's approved floor plan, and allows a producer to request reclassification by submitting an amended floor plan.
- Treats multiple cannabis producer licenses operated under a shared UBI as a single entity for purposes of meeting the applicable revenue thresholds by aggregating gross sales across those licenses, and directs LCB to verify UBI information through DOR records.
- Provides an 18-month grace period following an approved transfer or sale of a cannabis producer license before the transferee is required to meet the revenue thresholds, and provides that revenue-threshold-based tier conversion does not apply during the grace period.
- Exempts cannabis producer licenses issued as social equity licenses from revenue-threshold-based tier conversion for five years from initial license issuance, and terminates the exemption upon transfer or sale of the license within that five-year period.
- Provides an effective date of December 11, 2026.

1 AN ACT Relating to preventing an oversupply of cannabis; amending
2 RCW 69.50.325 and 69.50.331; adding a new section to chapter 69.50
3 RCW; and providing an effective date.

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

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

7 (1) For purposes of this section the following definitions apply
8 unless the context clearly requires otherwise:

9 (a) "Indoor cultivation" means the cultivation of cannabis within
10 a permanent structure using exclusively artificial light or within
11 any structure using artificial light at a rate above 25 watts per
12 square foot.

13 (b) "Light deprivation" means the cultivation of cannabis with
14 blackout tarps and using no artificial lighting.

15 (c) "Mixed-light cultivation" means the cultivation of cannabis
16 within a permanent structure using artificial light at a rate below
17 25 watts per square foot.

18 (d) "Outdoor cultivation" means the cultivation of mature
19 cannabis without the use of artificial lighting or light deprivation
20 in the canopy area at any point in time. Artificial lighting is

1 permissible only to maintain immature plants outside the flower
2 canopy area.

3 (e) "Tier three producer" means a cannabis producer licensed by
4 the board to produce cannabis on 10,000 square feet up to 30,000
5 square feet of space.

6 (f) "Tier two producer" means a cannabis producer licensed by the
7 board to produce cannabis on 4,000 square feet up to 10,000 square
8 feet of space.

9 (g) "Tier one producer" means a cannabis producer licensed by the
10 board to produce cannabis on less than 4,000 square feet of space.

11 (2) For purposes of determining which revenue threshold applies
12 under subsection (3) of this section, a cannabis producer's
13 cultivation method designation shall be determined by the predominant
14 cultivation method used in the cannabis producer's floor plan
15 submitted to and approved by the board.

16 (a) The board shall classify each cannabis producer license based
17 on the cultivation method that comprises the majority of the total
18 licensed canopy area as depicted in the approved floor plan on file
19 with the board.

20 (b) Where a cannabis producer uses multiple cultivation methods
21 across the licensed premises, the cultivation method occupying the
22 greatest square footage of the total licensed canopy area shall
23 determine the license's cultivation method designation for purposes
24 of subsection (3) of this section.

25 (c) A cannabis producer may request reclassification of their
26 cultivation method designation by submitting an amended floor plan to
27 the board demonstrating that a different cultivation method now
28 comprises the majority of the licensed canopy area. The board shall
29 review and approve or deny such requests in accordance with rules
30 adopted under this chapter.

31 (3) Tier three producers and tier two producers are subject to
32 the revenue threshold requirements and tier conversions in this
33 section.

34 (a) At the time of license renewal, a tier three producer using
35 indoor cultivation or mixed-light cultivation must demonstrate
36 minimum gross sales reported to the department of revenue of \$288,000
37 annually throughout the one-year period before renewal. The
38 evaluation period shall be the 12 months immediately preceding the
39 month in which the license renewal is due. For example, if a license
40 renewal is due in December 2025, the evaluation period shall be

1 November 2024 through October 2025. If a tier three producer fails to
2 meet this revenue threshold throughout the one-year period prior to
3 renewal, then the tier three producer is converted to a tier two
4 producer and the producer's maximum amount of space for cannabis
5 production is limited to 10,000 square feet.

6 (i) At the time of license renewal, a tier three producer using
7 light deprivation must demonstrate minimum gross sales reported to
8 the department of revenue of \$100,000 annually throughout the one-
9 year period prior to renewal. The evaluation period shall be the 12
10 months immediately preceding the month in which the license renewal
11 is due. If a tier three producer fails to meet this revenue threshold
12 throughout the one-year period before renewal, then the tier three
13 producer is converted to a tier two producer and the producer's
14 maximum amount of space for cannabis production is limited to 10,000
15 square feet.

16 (ii) At the time of license renewal, a tier three producer using
17 outdoor cultivation must demonstrate minimum gross sales reported to
18 the department of revenue of \$75,000 annually throughout the one-year
19 period before renewal. The evaluation period shall be the 12 months
20 immediately preceding the month in which the license renewal is due.
21 If a tier three producer fails to meet this revenue threshold
22 throughout the one-year period before renewal, then the tier three
23 producer is converted to a tier two producer and the producer's
24 maximum amount of space for cannabis production is limited to 10,000
25 square feet.

26 (b) At the time of license renewal, a tier two producer using
27 indoor cultivation or mixed-light cultivation must demonstrate
28 minimum gross sales reported to the department of revenue of \$96,000
29 annually throughout the one-year period before renewal. The
30 evaluation period shall be the 12 months immediately preceding the
31 month in which the license renewal is due. If a tier two producer
32 fails to meet this revenue threshold throughout the one-year period
33 before renewal, then the tier two producer is converted to a tier one
34 producer and the producer's maximum amount of space for cannabis
35 production is limited to 4,000 square feet.

36 (i) At the time of license renewal, a tier two producer using
37 light deprivation must demonstrate minimum gross sales reported to
38 the department of revenue of \$33,000 annually throughout the one-year
39 period before renewal. The evaluation period shall be the 12 months
40 immediately preceding the month in which the license renewal is due.

1 If a tier two producer fails to meet this revenue threshold
2 throughout the one-year period before renewal, then the tier two
3 producer is converted to a tier one producer and the producer's
4 maximum amount of space for cannabis production is limited to 4,000
5 square feet.

6 (ii) At the time of license renewal, a tier two producer using
7 outdoor cultivation must demonstrate minimum gross sales reported to
8 the department of revenue of \$25,000 annually throughout the one-year
9 period before renewal. The evaluation period shall be the 12 months
10 immediately preceding the month in which the license renewal is due.
11 If a tier two producer fails to meet this revenue threshold
12 throughout the one-year period before renewal, then the tier two
13 producer is converted to a tier one producer and the producer's
14 maximum amount of space for cannabis production is limited to 4,000
15 square feet.

16 (c) Tier one producers are not subject to this section.

17 (4) For purposes of determining the one-year evaluation period in
18 subsection (3) of this section, only sales data occurring on or after
19 December 11, 2026, shall be considered for license renewals occurring
20 between December 11, 2026, and December 11, 2027.

21 (5) A tier three producer or a tier two producer may request, and
22 the board in its discretion may grant, a one-year exemption from the
23 application of this section if extenuating circumstances exist and
24 the request is submitted to the board within 30 days of license
25 renewal. Extenuating circumstances include, but are not limited to,
26 natural disasters or other extraordinary events beyond the tier three
27 producer or tier two producer's control.

28 (6) Multiple licenses operated under a shared unified business
29 identifier are treated as a single entity for purposes of the revenue
30 threshold requirements in subsection (3) of this section.

31 (a) Where two or more cannabis producer licenses share the same
32 unified business identifier registered with the department of
33 revenue, the gross sales from all such licenses shall be aggregated
34 when determining whether the revenue thresholds in subsection (3) of
35 this section have been met.

36 (b) For purposes of tier conversion under subsection (3) of this
37 section, if aggregated gross sales meet the applicable revenue
38 threshold for each tier level held by the entity, then no tier
39 conversion shall occur for any license operated under that unified
40 business identifier.

1 (c) The board shall verify unified business identifier
2 information through the department of revenue records.

3 (7) Upon transfer or sale of a cannabis producer license subject
4 to subsection (3) of this section, the transferee shall have an 18-
5 month grace period before being required to meet the revenue
6 threshold requirements.

7 (a) The 18-month grace period begins on the effective date of the
8 license transfer as approved by the board.

9 (b) During the grace period, the transferred license shall not be
10 subject to tier conversion under subsection (3) of this section
11 regardless of gross sales.

12 (c) At the first license renewal occurring after the expiration
13 of the 18-month grace period, the license shall be subject to the
14 revenue threshold requirements and tier conversions in subsection (3)
15 of this section.

16 (d) The evaluation period for determining compliance with revenue
17 thresholds following the grace period shall be the 12-month period
18 immediately preceding the license renewal date, using only sales data
19 generated after the expiration of the grace period.

20 (8) Cannabis producer licenses issued as social equity licenses
21 under RCW 69.50.335 are exempt from the tier conversion requirements
22 of subsection (3) of this section as follows:

23 (a) A social equity license shall be exempt from tier conversion
24 under subsection (3) of this section for a period of five years from
25 the date of initial license issuance.

26 (b) If a social equity license is sold or transferred to a new
27 owner before the expiration of the five-year exemption period, the
28 exemption shall terminate effective as of the date of the transfer or
29 sale.

30 (c) At the first license renewal occurring after the expiration
31 of the five-year exemption period, or following a transfer or sale
32 that terminates the exemption under (b) of this subsection, the
33 license shall become subject to the revenue threshold requirements
34 and tier conversions in subsection (3) of this section.

35 (d) For purposes of determining compliance with revenue
36 thresholds following the expiration or termination of the social
37 equity exemption, the evaluation period shall be the 12-month period
38 immediately preceding the license renewal date.

1 **Sec. 2.** RCW 69.50.325 and 2025 c 250 s 1 are each amended to
2 read as follows:

3 (1) There shall be a cannabis producer's license regulated by the
4 board and subject to annual renewal and section 1 of this act. The
5 licensee is authorized to produce: (a) Cannabis for sale at wholesale
6 to cannabis processors and other cannabis producers; (b) immature
7 plants or clones and seeds for sale to cooperatives as described
8 under RCW 69.51A.250; and (c) immature plants or clones and seeds for
9 sale to qualifying patients and designated providers as provided
10 under RCW 69.51A.310. The production, possession, delivery,
11 distribution, and sale of cannabis in accordance with the provisions
12 of this chapter and the rules adopted to implement and enforce it, by
13 a validly licensed cannabis producer, shall not be a criminal or
14 civil offense under Washington state law. Every cannabis producer's
15 license shall be issued in the name of the applicant, shall specify
16 the location at which the cannabis producer intends to operate, which
17 must be within the state of Washington, and the holder thereof shall
18 not allow any other person to use the license. The application fee
19 for a cannabis producer's license shall be ~~((two hundred fifty~~
20 ~~dollars))~~ \$250. The annual fee for issuance and renewal of a cannabis
21 producer's license shall be ~~((one thousand three hundred eighty-one~~
22 ~~dollars))~~ \$1,381. A separate license shall be required for each
23 location at which a cannabis producer intends to produce cannabis.

24 (2) There shall be a cannabis processor's license to process,
25 package, and label cannabis concentrates, useable cannabis, and
26 cannabis-infused products for sale at wholesale to cannabis
27 processors and cannabis retailers, regulated by the board and subject
28 to annual renewal. The processing, packaging, possession, delivery,
29 distribution, and sale of cannabis, useable cannabis, cannabis-
30 infused products, and cannabis concentrates in accordance with the
31 provisions of this chapter and chapter 69.51A RCW and the rules
32 adopted to implement and enforce these chapters, by a validly
33 licensed cannabis processor, shall not be a criminal or civil offense
34 under Washington state law. Every cannabis processor's license shall
35 be issued in the name of the applicant, shall specify the location at
36 which the licensee intends to operate, which must be within the state
37 of Washington, and the holder thereof shall not allow any other
38 person to use the license. The application fee for a cannabis
39 processor's license shall be ~~((two hundred fifty dollars))~~ \$250. The
40 annual fee for issuance and renewal of a cannabis processor's license

1 shall be (~~one thousand three hundred eighty-one dollars~~) \$1,381. A
2 separate license shall be required for each location at which a
3 cannabis processor intends to process cannabis.

4 (3)(a) There shall be a cannabis retailer's license to sell
5 cannabis concentrates, useable cannabis, and cannabis-infused
6 products at retail in retail outlets, regulated by the board and
7 subject to annual renewal. The possession, delivery, distribution,
8 and sale of cannabis concentrates, useable cannabis, and cannabis-
9 infused products in accordance with the provisions of this chapter
10 and the rules adopted to implement and enforce it, by a validly
11 licensed cannabis retailer, shall not be a criminal or civil offense
12 under Washington state law. Every cannabis retailer's license shall
13 be issued in the name of the applicant, shall specify the location of
14 the retail outlet the licensee intends to operate, which must be
15 within the state of Washington, and the holder thereof shall not
16 allow any other person to use the license. The application fee for a
17 cannabis retailer's license shall be (~~two hundred fifty dollars~~)
18 \$250. The annual fee for issuance and renewal of a cannabis
19 retailer's license shall be (~~one thousand three hundred eighty-one~~
20 ~~dollars~~) \$1,381. A separate license shall be required for each
21 location at which a cannabis retailer intends to sell cannabis
22 concentrates, useable cannabis, and cannabis-infused products.

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

27 (ii) A retail licensee and all other persons or entities with a
28 financial or other ownership interest may not enter into any
29 management agreement under RCW 69.50.331(1)(b)(iv) or any agreement
30 as referenced in RCW 69.50.395, whether or not in exchange for
31 payment, that confers a financial interest across more than five
32 retail cannabis licenses. For the purposes of this subsection,
33 "financial interest" includes, but is not limited to:

34 (A) Any sharing of profits or revenue;

35 (B) Any assistance, coordination, or recommendation for the
36 purchase of cannabis products whereupon pricing is coordinated or
37 discounted;

38 (C) The common use of intellectual property assets such as
39 branding, trade names, logos, social media accounts, or websites;

1 (D) Any operational control over the business or operational
2 support for typical day-to-day business operations, including core
3 business or executive functions of the retail cannabis license;

4 (E) Any sharing or coordination of marketing and advertising
5 efforts or expenses; and

6 (F) Any coordinated sharing of employment or hiring decisions,
7 including the shared employment of individuals.

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

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

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

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

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

26 (iv) This subsection (3)(c) applies to cannabis retailer's
27 licenses issued before and after July 23, 2017. However, no license
28 of a cannabis retailer that otherwise meets the conditions for
29 license forfeiture established pursuant to this subsection (3)(c) may
30 be subject to forfeiture within the first nine calendar months of
31 July 23, 2017.

32 (v) The board may not require license forfeiture if the licensee
33 has been incapable of opening a fully operational retail cannabis
34 business due to actions by the city, town, or county with
35 jurisdiction over the licensee that include any of the following:

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

38 (B) The adoption of an ordinance or regulation related to zoning,
39 business licensing, land use, or other regulatory measure that has
40 the effect of preventing a licensee from receiving an occupancy

1 permit from the jurisdiction or which otherwise prevents a licensed
2 cannabis retailer from becoming operational.

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

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

7 (1) For the purpose of considering any application for a license
8 to produce, process, research, transport, or deliver cannabis,
9 useable cannabis, cannabis concentrates, or cannabis-infused products
10 subject to the regulations established under RCW 69.50.385, or sell
11 cannabis, or for the renewal of a license to produce, process,
12 research, transport, or deliver cannabis, useable cannabis, cannabis
13 concentrates, or cannabis-infused products subject to the regulations
14 established under RCW 69.50.385, or sell cannabis, the board must
15 conduct a comprehensive, fair, and impartial evaluation of the
16 applications timely received.

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

1 board designates in writing. Conditions for granting this authority
2 must be adopted by rule.

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

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

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

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

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

15 (c) The renewal of a cannabis producer license is subject to
16 section 1 of this act.

17 (2)(a) The board may, in its discretion, subject to RCW
18 43.05.160, 69.50.563, 69.50.562, 69.50.334, and 69.50.342(3) suspend
19 or cancel any license; and all protections of the licensee from
20 criminal or civil sanctions under state law for producing,
21 processing, researching, or selling cannabis, cannabis concentrates,
22 useable cannabis, or cannabis-infused products thereunder must be
23 suspended or terminated, as the case may be.

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

32 (c) The board may request the appointment of administrative law
33 judges under chapter 34.12 RCW who shall have power to administer
34 oaths, issue subpoenas for the attendance of witnesses and the
35 production of papers, books, accounts, documents, and testimony,
36 examine witnesses, receive testimony in any inquiry, investigation,
37 hearing, or proceeding in any part of the state, and consider
38 mitigating and aggravating circumstances in any case and deviate from
39 any prescribed penalty, under rules the board may adopt.

1 (d) Witnesses must be allowed fees and mileage each way to and
2 from any inquiry, investigation, hearing, or proceeding at the rate
3 authorized by RCW 34.05.446. Fees need not be paid in advance of
4 appearance of witnesses to testify or to produce books, records, or
5 other legal evidence.

6 (e) In case of disobedience of any person to comply with the
7 order of the board or a subpoena issued by the board, or any of its
8 members, or administrative law judges, or on the refusal of a witness
9 to testify to any matter regarding which he or she may be lawfully
10 interrogated, the judge of the superior court of the county in which
11 the person resides, on application of any member of the board or
12 administrative law judge, compels obedience by contempt proceedings,
13 as in the case of disobedience of the requirements of a subpoena
14 issued from said court or a refusal to testify therein.

15 (3) Upon receipt of notice of the suspension or cancellation of a
16 license, the licensee must forthwith deliver up the license to the
17 board. Where the license has been suspended only, the board must
18 return the license to the licensee at the expiration or termination
19 of the period of suspension. The board must notify all other
20 licensees in the county where the subject licensee has its premises
21 of the suspension or cancellation of the license; and no other
22 licensee or employee of another licensee may allow or cause any
23 cannabis, cannabis concentrates, useable cannabis, or cannabis-
24 infused products to be delivered to or for any person at the premises
25 of the subject licensee.

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

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

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

35 (7)(a) Before the board issues a new or renewed license to an
36 applicant it must give notice of the application to the chief
37 executive officer of the incorporated city or town, if the
38 application is for a license within an incorporated city or town, or
39 to the county legislative authority, if the application is for a
40 license outside the boundaries of incorporated cities or towns, or to

1 the tribal government if the application is for a license within
2 Indian country, or to the port authority if the application for a
3 license is located on property owned by a port authority.

4 (b) The incorporated city or town through the official or
5 employee selected by it, the county legislative authority or the
6 official or employee selected by it, the tribal government, or port
7 authority has the right to file with the board within (~~(twenty)~~) 20
8 days after the date of transmittal of the notice for applications, or
9 at least (~~(thirty)~~) 30 days prior to the expiration date for
10 renewals, written objections against the applicant or against the
11 premises for which the new or renewed license is asked. The board may
12 extend the time period for submitting written objections upon request
13 from the authority notified by the board.

14 (c) The written objections must include a statement of all facts
15 upon which the objections are based, and in case written objections
16 are filed, the city or town or county legislative authority may
17 request, and the board may in its discretion hold, a hearing subject
18 to the applicable provisions of Title 34 RCW. If the board makes an
19 initial decision to deny a license or renewal based on the written
20 objections of an incorporated city or town or county legislative
21 authority, the applicant may request a hearing subject to the
22 applicable provisions of Title 34 RCW. If a hearing is held at the
23 request of the applicant, board representatives must present and
24 defend the board's initial decision to deny a license or renewal.

25 (d) Upon the granting of a license under this title the board
26 must send written notification to the chief executive officer of the
27 incorporated city or town in which the license is granted, or to the
28 county legislative authority if the license is granted outside the
29 boundaries of incorporated cities or towns.

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

37 (b) A city, county, or town may permit the licensing of premises
38 within 1,000 feet but not less than 100 feet of the facilities
39 described in (a) of this subsection, except elementary schools,
40 secondary schools, and playgrounds, by enacting an ordinance

1 authorizing such distance reduction, provided that such distance
2 reduction will not negatively impact the jurisdiction's civil
3 regulatory enforcement, criminal law enforcement interests, public
4 safety, or public health.

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

12 (d) The board may license premises located in compliance with the
13 distance requirements set in an ordinance adopted under (b) or (c) of
14 this subsection. Before issuing or renewing a research license for
15 premises within 1,000 feet but not less than 100 feet of an
16 elementary school, secondary school, or playground in compliance with
17 an ordinance passed pursuant to (c) of this subsection, the board
18 must ensure that the facility:

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

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

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

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

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

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

39 (10) In determining whether to grant or deny a license or renewal
40 of any license, the board must give substantial weight to objections

1 from an incorporated city or town or county legislative authority
2 based upon chronic illegal activity associated with the applicant's
3 operations of the premises proposed to be licensed or the applicant's
4 operation of any other licensed premises, or the conduct of the
5 applicant's patrons inside or outside the licensed premises. "Chronic
6 illegal activity" means (a) a pervasive pattern of activity that
7 threatens the public health, safety, and welfare of the city, town,
8 or county including, but not limited to, open container violations,
9 assaults, disturbances, disorderly conduct, or other criminal law
10 violations, or as documented in crime statistics, police reports,
11 emergency medical response data, calls for service, field data, or
12 similar records of a law enforcement agency for the city, town,
13 county, or any other municipal corporation or any state agency; or
14 (b) an unreasonably high number of citations for violations of RCW
15 46.61.502 associated with the applicant's or licensee's operation of
16 any licensed premises as indicated by the reported statements given
17 to law enforcement upon arrest.

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

20 (a) The board receives a written objection from the legislative
21 authority of an incorporated city or town, or county legislative
22 authority, relating to the physical location of the proposed
23 premises;

24 (b) The objection to the location from the incorporated city or
25 town, or county legislative authority, is received by the board
26 within 20 days of the board notifying the incorporated city or town,
27 or county legislative authority, of the proposed cannabis retail
28 location; and

29 (c) The objection to the issuance of a cannabis retail license at
30 the specified location is based on a preexisting local ordinance
31 limiting outlet density in a specific geographic area. For purposes
32 of this subsection (11), a preexisting local ordinance is an
33 ordinance enacted and in effect before the date the applicant submits
34 an application for a cannabis retail license to the board identifying
35 the premises proposed to be licensed. No objection related to the
36 physical location of a proposed premises may be made by a local
37 government under this subsection (11) based on a local ordinance
38 enacted after the date the applicant submits an application for a
39 cannabis retail license to the board identifying the premises
40 proposed to be licensed.

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

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

12 (b) Any licensed entity holding more than one cannabis license is
13 eligible for reimbursement of the license renewal fee on only one
14 license.

15 NEW SECTION. **Sec. 4.** This act takes effect December 11, 2026.

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