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**SUBSTITUTE HOUSE BILL 1099**

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**State of Washington**

**65th Legislature**

**2017 Regular Session**

**By** House Commerce & Gaming (originally sponsored by Representatives Sawyer, Condotta, and Kirby)

1 AN ACT Relating to local governments' unofficial moratoria on  
2 state-licensed marijuana retail outlets; amending RCW 66.08.190,  
3 66.24.065, and 69.50.540; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** (1)(a) If, by January 1, 2018, a local  
6 government that has not adopted an ordinance or resolution, then in  
7 effect, that expressly prohibits the siting and operation of state-  
8 licensed marijuana retail outlets within the local government's  
9 jurisdiction refuses to issue, upon application, to a person,  
10 business, or nonprofit entity that holds a marijuana retailer's  
11 license issued under RCW 69.50.325, any license, permit, or other  
12 authorization required under a local ordinance or resolution to  
13 lawfully operate a business within the local government's  
14 jurisdiction that the person, business, or nonprofit entity would  
15 otherwise be eligible to receive if engaged in a lawful business not  
16 related to marijuana sales, then the local government forfeits  
17 seventy percent of the local government's share of liquor revenue  
18 distributions that the local government would otherwise receive  
19 pursuant to RCW 66.24.065 and 66.08.190. A city, town, or county with  
20 an ordinance or regulation that allows the siting and operation of  
21 state-licensed marijuana retail outlets, but which limits the number

1 of such outlets that may be located within its jurisdictional  
2 boundaries to a number that is less than the total number of outlets  
3 allotted or approved by the board for location within that  
4 jurisdiction is subject to the revenue forfeiture provisions of this  
5 section.

6 (b) A local government that forfeits seventy percent of the local  
7 government's share of liquor revenue distributions that the local  
8 government would otherwise receive pursuant to RCW 66.24.065 and  
9 66.08.190, as provided in (a) of this subsection, also forfeits all  
10 moneys the local government would otherwise receive pursuant to a  
11 distribution in accordance with RCW 69.50.540(2)(g).

12 (2) The amount of money that is equal to seventy percent of a  
13 local government's share of liquor revenue distributions that the  
14 local government would otherwise receive pursuant to RCW 66.24.065  
15 and 66.08.190, and all of the moneys that the local government would  
16 otherwise receive pursuant to RCW 69.50.540(2)(g)(i), but that is  
17 forfeited pursuant to this section, may be transferred to the state  
18 general fund.

19 (3) A modification to liquor revenue distributions and marijuana  
20 excise tax distributions pursuant to subsections (1) and (2) of this  
21 section is effective until:

22 (a) The date a local government has in effect an ordinance or  
23 resolution expressly prohibiting the siting and operation of state-  
24 licensed marijuana retail outlets within the local government's  
25 jurisdiction; or

26 (b) The local government issues, upon application, to any person,  
27 business, or nonprofit entity that holds a marijuana retailer's  
28 license issued under RCW 69.50.325, any license, permit, and other  
29 authorization required under a local ordinance or resolution to  
30 lawfully operate a business within the local government's  
31 jurisdiction that the person, business, or nonprofit entity would  
32 otherwise be eligible to receive if engaged in a lawful business not  
33 related to marijuana sales.

34 (4) For the purposes of this section, "local government" means a  
35 county, city, or town.

36 **Sec. 2.** RCW 66.08.190 and 2012 2nd sp.s. c 5 s 8 are each  
37 amended to read as follows:

38 (1) Prior to making distributions described in subsection (2) of  
39 this section, amounts must be retained to support allotments under

1 RCW 43.88.110 from any legislative appropriation for municipal  
2 research and services. The legislative appropriation for such  
3 services must be in the amount specified under RCW 66.24.065.

4 (2) When excess funds are distributed during the months of June,  
5 September, December, and March of each year, all moneys subject to  
6 distribution must be disbursed to border areas, counties, cities, and  
7 towns as provided in RCW 66.24.065.

8 (3) The amount remaining after distributions under subsections  
9 (1) and (2) of this section must be deposited into the general fund.

10 (4) Distributions made pursuant to this section are subject to  
11 section 1 of this act.

12 **Sec. 3.** RCW 66.24.065 and 2012 c 2 s 302 are each amended to  
13 read as follows:

14 (1) The distribution of spirits license fees under RCW 66.24.630  
15 and 66.24.055 through the liquor revolving fund to border areas,  
16 counties, cities, towns, and the municipal research center must be  
17 made in a manner that provides that each category of recipients  
18 receive, in the aggregate, no less than it received from the liquor  
19 revolving fund during comparable periods prior to December 8, 2011,  
20 except as provided in subsection (2) of this section. An additional  
21 distribution of ten million dollars per year from the spirits license  
22 fees must be provided to border areas, counties, cities, and towns  
23 through the liquor revolving fund for the purpose of enhancing public  
24 safety programs, except as provided in subsection (2) of this  
25 section.

26 (2) Distributions made pursuant to this section are subject to  
27 section 1 of this act.

28 **Sec. 4.** RCW 69.50.540 and 2015 3rd sp.s. c 4 s 967 are each  
29 amended to read as follows:

30 The legislature must annually appropriate moneys in the dedicated  
31 marijuana account created in RCW 69.50.530 as follows:

32 (1) For the purposes listed in this subsection (1), the  
33 legislature must appropriate to the respective agencies amounts  
34 sufficient to make the following expenditures on a quarterly basis:

35 (a) Beginning July 1, 2015, one hundred twenty-five thousand  
36 dollars to the department of social and health services to design and  
37 administer the Washington state healthy youth survey, analyze the  
38 collected data, and produce reports, in collaboration with the office

1 of the superintendent of public instruction, department of health,  
2 department of commerce, family policy council, and state liquor and  
3 cannabis board. The survey must be conducted at least every two years  
4 and include questions regarding, but not necessarily limited to,  
5 academic achievement, age at time of substance use initiation,  
6 antisocial behavior of friends, attitudes toward antisocial behavior,  
7 attitudes toward substance use, laws and community norms regarding  
8 antisocial behavior, family conflict, family management, parental  
9 attitudes toward substance use, peer rewarding of antisocial  
10 behavior, perceived risk of substance use, and rebelliousness. Funds  
11 disbursed under this subsection may be used to expand administration  
12 of the healthy youth survey to student populations attending  
13 institutions of higher education in Washington;

14 (b) Beginning July 1, 2015, fifty thousand dollars to the  
15 department of social and health services for the purpose of  
16 contracting with the Washington state institute for public policy to  
17 conduct the cost-benefit evaluation and produce the reports described  
18 in RCW 69.50.550. This appropriation ends after production of the  
19 final report required by RCW 69.50.550;

20 (c) Beginning July 1, 2015, five thousand dollars to the  
21 University of Washington alcohol and drug abuse institute for the  
22 creation, maintenance, and timely updating of web-based public  
23 education materials providing medically and scientifically accurate  
24 information about the health and safety risks posed by marijuana use;

25 (d) An amount not less than one million two hundred fifty  
26 thousand dollars to the state liquor and cannabis board for  
27 administration of this chapter as appropriated in the omnibus  
28 appropriations act;

29 (e) Twenty-three thousand seven hundred fifty dollars to the  
30 department of enterprise services provided solely for the state  
31 building code council established under RCW 19.27.070, to develop and  
32 adopt fire and building code provisions related to marijuana  
33 processing and extraction facilities. The distribution under this  
34 subsection (1)(e) is for fiscal year 2016 only;

35 (2) From the amounts in the dedicated marijuana account after  
36 appropriation of the amounts identified in subsection (1) of this  
37 section, the legislature must appropriate for the purposes listed in  
38 this subsection (2) as follows:

39 (a)(i) Up to fifteen percent to the department of social and  
40 health services division of behavioral health and recovery for the

1 development, implementation, maintenance, and evaluation of programs  
2 and 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; PROVIDED, That:

10 (A) Of the funds appropriated under (a)(i) of this subsection for  
11 new programs and new services, at least eighty-five percent must be  
12 directed to evidence-based or research-based programs and practices  
13 that produce objectively measurable results and, by September 1,  
14 2020, are cost-beneficial; and

15 (B) Up to fifteen percent of the funds appropriated under (a)(i)  
16 of this subsection for new programs and new services may be directed  
17 to proven and tested practices, emerging best practices, or promising  
18 practices.

19 (ii) In deciding which programs and practices to fund, the  
20 secretary of the department of social and health services must  
21 consult, at least annually, with the University of Washington's  
22 social development research group and the University of Washington's  
23 alcohol and drug abuse institute.

24 (iii) For the fiscal year beginning July 1, 2016, the legislature  
25 must appropriate a minimum of twenty-seven million seven hundred  
26 eighty-six thousand dollars, and for each subsequent fiscal year  
27 thereafter, the legislature must appropriate a minimum of twenty-five  
28 million five hundred thirty-six thousand dollars under this  
29 subsection (2)(a);

30 (b)(i) Up to ten percent to the department of health for the  
31 following, subject to (b)(ii) of this subsection (2):

32 (A) Creation, implementation, operation, and management of a  
33 marijuana education and public health program that contains the  
34 following:

35 (I) A marijuana use public health hotline that provides referrals  
36 to substance abuse treatment providers, utilizes evidence-based or  
37 research-based public health approaches to minimizing the harms  
38 associated with marijuana use, and does not solely advocate an  
39 abstinence-only approach;

1 (II) A grants program for local health departments or other local  
2 community agencies that supports development and implementation of  
3 coordinated intervention strategies for the prevention and reduction  
4 of marijuana use by youth; and

5 (III) Media-based education campaigns across television,  
6 internet, radio, print, and out-of-home advertising, separately  
7 targeting youth and adults, that provide medically and scientifically  
8 accurate information about the health and safety risks posed by  
9 marijuana use;

10 (B) The Washington poison control center; and

11 (C) During the 2015-2017 fiscal biennium, the funds appropriated  
12 under this subsection (2)(b) may be used for prevention activities  
13 that target youth and populations with a high incidence of tobacco  
14 use.

15 (ii) For the fiscal year beginning July 1, 2016, the legislature  
16 must appropriate a minimum of seven million five hundred thousand  
17 dollars and for each subsequent fiscal year thereafter, the  
18 legislature must appropriate a minimum of nine million seven hundred  
19 fifty thousand dollars under this subsection (2)(b);

20 (c)(i) Up to six-tenths of one percent to the University of  
21 Washington and four-tenths of one percent to Washington State  
22 University for research on the short and long-term effects of  
23 marijuana use, to include but not be limited to formal and informal  
24 methods for estimating and measuring intoxication and impairment, and  
25 for the dissemination of such research.

26 (ii) For the fiscal year beginning July 1, 2016, the legislature  
27 must appropriate a minimum of two hundred seven thousand dollars and  
28 for each subsequent fiscal year, the legislature must appropriate a  
29 minimum of one million twenty-one thousand dollars to the University  
30 of Washington. For the fiscal year beginning July 1, 2016, the  
31 legislature must appropriate a minimum of one hundred thirty-eight  
32 thousand dollars and for each subsequent fiscal year thereafter, a  
33 minimum of six hundred eighty-one thousand dollars to Washington  
34 State University under this subsection (2)(c);

35 (d) Fifty percent to the state basic health plan trust account to  
36 be administered by the Washington basic health plan administrator and  
37 used as provided under chapter 70.47 RCW;

38 (e) Five percent to the Washington state health care authority to  
39 be expended exclusively through contracts with community health  
40 centers to provide primary health and dental care services, migrant

1 health services, and maternity health care services as provided under  
2 RCW 41.05.220;

3 (f)(i) Up to three-tenths of one percent to the office of the  
4 superintendent of public instruction to fund grants to building  
5 bridges programs under chapter 28A.175 RCW.

6 (ii) For the fiscal year beginning July 1, 2016, and each  
7 subsequent fiscal year, the legislature must appropriate a minimum of  
8 five hundred eleven thousand dollars to the office of the  
9 superintendent of public instruction under this subsection (2)(f);  
10 (~~and~~)

11 (g) At the end of each fiscal year, the treasurer must transfer  
12 any amounts in the dedicated marijuana account that are not  
13 appropriated pursuant to subsection (1) of this section and this  
14 subsection (2) into the general fund, except as provided in (g)(i) of  
15 this subsection (2).

16 (i) Beginning in fiscal year 2018, if marijuana excise tax  
17 collections deposited into the general fund in the prior fiscal year  
18 exceed twenty-five million dollars, then each fiscal year the  
19 legislature must, except as provided in (h) of this subsection,  
20 appropriate an amount equal to thirty percent of all marijuana excise  
21 taxes deposited into the general fund the prior fiscal year to the  
22 treasurer for distribution to counties, cities, and towns as follows:

23 (A) Thirty percent must be distributed to counties, cities, and  
24 towns where licensed marijuana retailers are physically located. Each  
25 jurisdiction must receive a share of the revenue distribution under  
26 this subsection (2)(g)(i)(A) based on the proportional share of the  
27 total revenues generated in the individual jurisdiction from the  
28 taxes collected under RCW 69.50.535, from licensed marijuana  
29 retailers physically located in each jurisdiction. For purposes of  
30 this subsection (2)(g)(i)(A), one hundred percent of the proportional  
31 amount attributed to a retailer physically located in a city or town  
32 must be distributed to the city or town.

33 (B) Seventy percent must be distributed to counties, cities, and  
34 towns ratably on a per capita basis. Counties must receive sixty  
35 percent of the distribution, which must be disbursed based on each  
36 county's total proportional population. Funds may only be distributed  
37 to jurisdictions that do not prohibit the siting of any state  
38 licensed marijuana producer, processor, or retailer, and the receipt  
39 of funds is subject to section 1 of this act.

1 (ii) Distribution amounts allocated to each county, city, and  
2 town must be distributed in four installments by the last day of each  
3 fiscal quarter.

4 (iii) By September 15th of each year, the state liquor and  
5 cannabis board must provide the state treasurer the annual  
6 distribution amount, if any, for each county and city as determined  
7 in (g)(i) of this subsection (2).

8 (iv) The total share of marijuana excise tax revenues distributed  
9 to counties and cities in (g)(i) of this subsection (2) may not  
10 exceed fifteen million dollars in fiscal years 2018 and 2019 and  
11 twenty million dollars per fiscal year thereafter; and

12 (h) All distributions to counties, cities, and towns under (g)(i)  
13 of this subsection are subject to section 1 of this act.

14 For the purposes of this section, "marijuana products" means  
15 "useable marijuana," "marijuana concentrates," and "marijuana-infused  
16 products" as those terms are defined in RCW 69.50.101.

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