
HOUSE BILL 1941

State of Washington

69th Legislature

2025 Regular Session

By Representative Morgan

1 AN ACT Relating to authorizing agricultural cooperatives for
2 cannabis producers; and amending RCW 69.50.325 and 24.34.010.

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

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

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

1 producer's license shall be (~~two hundred fifty dollars~~) \$250. The
2 annual fee for issuance and renewal of a cannabis producer's license
3 shall be (~~one thousand three hundred eighty one dollars~~) \$1,381. A
4 separate license shall be required for each location at which a
5 cannabis producer intends to produce cannabis. Licensed cannabis
6 producers may form associations or cooperatives and engage in
7 activities as provided in RCW 24.34.010.

8 (2) There shall be a cannabis processor's license to process,
9 package, and label cannabis concentrates, useable cannabis, and
10 cannabis-infused products for sale at wholesale to cannabis
11 processors and cannabis retailers, regulated by the board and subject
12 to annual renewal. The processing, packaging, possession, delivery,
13 distribution, and sale of cannabis, useable cannabis, cannabis-
14 infused products, and cannabis concentrates in accordance with the
15 provisions of this chapter and chapter 69.51A RCW and the rules
16 adopted to implement and enforce these chapters, by a validly
17 licensed cannabis processor, shall not be a criminal or civil offense
18 under Washington state law. Every cannabis processor's license shall
19 be issued in the name of the applicant, shall specify the location at
20 which the licensee intends to operate, which must be within the state
21 of Washington, and the holder thereof shall not allow any other
22 person to use the license. The application fee for a cannabis
23 processor's license shall be (~~two hundred fifty dollars~~) \$250. The
24 annual fee for issuance and renewal of a cannabis processor's license
25 shall be (~~one thousand three hundred eighty one dollars~~) \$1,381. A
26 separate license shall be required for each location at which a
27 cannabis processor intends to process cannabis.

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

1 cannabis retailer's license shall be (~~two hundred fifty dollars~~)
2 \$250. The annual fee for issuance and renewal of a cannabis
3 retailer's license shall be (~~one thousand three hundred eighty one~~
4 ~~dollars~~) \$1,381. A separate license shall be required for each
5 location at which a cannabis retailer intends to sell cannabis
6 concentrates, useable cannabis, and cannabis-infused products.

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

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

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

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

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

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

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

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

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

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

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

8 **Sec. 2.** RCW 24.34.010 and 2013 c 23 s 40 are each amended to
9 read as follows:

10 Persons engaged in the production of agricultural products as
11 farmers, licensed cannabis producers, planters, ranchers, dairy
12 farmers, nut growers, or fruit growers may act together in
13 associations, corporate or otherwise, with or without capital stock,
14 in collectively processing, preparing for market, handling, and
15 marketing in intrastate commerce, such products of persons so
16 engaged. Such associations may have marketing agencies in common; and
17 such associations and their members may make the necessary contracts
18 and agreements to effect such purposes (~~(: PROVIDED, That such)~~). For
19 purposes of this section only and only with respect to licensed
20 cannabis producers, cannabis is considered an agricultural product
21 like other covered agricultural products. Such associations ((are))
22 must be operated for the mutual benefit of the members thereof, as
23 such producers, and conform to one or both of the following
24 requirements:

25 First. That no member of the association is allowed more than one
26 vote because of the amount of stock or membership capital he or she
27 may own therein, or,

28 Second. That the association does not pay dividends on stock or
29 membership capital in excess of eight percent per annum.

30 And in any case to the following:

31 Third. That the association shall not deal in the products of
32 nonmembers to an amount greater in value than such as are handled by
33 it for members.

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