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HOUSE BILL 2060

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State of Washington

65th Legislature

2017 Regular Session

By Representative Taylor

1 AN ACT Relating to requiring counties, cities, and towns to  
2 permit the operation of state licensed marijuana retail businesses in  
3 order to receive marijuana-related tax distributions; amending RCW  
4 69.50.540; and adding a new section to chapter 66.08 RCW.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 66.08  
7 RCW to read as follows:

8 (1)(a) Except as otherwise provided under this section, effective  
9 January 1, 2018, each county, city, or town that chooses to have a  
10 state licensed marijuana retailer within its jurisdiction must have a  
11 retailer that is fully operational and doing business within its  
12 jurisdictional boundaries in order to receive its share of the  
13 marijuana tax distribution allowed under RCW 69.50.540. A county,  
14 city, or town that does not meet this requirement is subject to the  
15 forfeiture of all moneys to which the county, city, or town would  
16 otherwise be entitled pursuant to a distribution in accordance with  
17 RCW 69.50.540(2)(g).

18 (b) A county, city, or town that does not meet the requirements  
19 of (a) of this subsection may be exempted from the tax distribution  
20 forfeiture provisions of this section if:

1 (i) The state liquor and cannabis board has not issued a  
2 marijuana retailer's license authorizing a person or entity to  
3 operate a marijuana retail business within the jurisdictional  
4 boundaries of the county, city, or town;

5 (ii) A state licensed marijuana retail outlet is in the process  
6 of opening for business within the jurisdiction and the county, city,  
7 or town has cooperated in this process by issuing the local licenses  
8 and permits necessary for conducting business within the  
9 jurisdiction; or

10 (iii) The state liquor and cannabis board has issued a marijuana  
11 retailer's license authorizing a person or entity to operate a  
12 marijuana retail business within the jurisdictional boundaries of the  
13 county, city, or town, but the opening of the business has been  
14 delayed due to inaction on the part of the licensee. This exemption  
15 does not apply if the reason for the delay or failure to open is the  
16 result of actions by the local government involving the imposition of  
17 local regulatory requirements that are unreasonable or otherwise  
18 treat the licensee in a manner that is discriminatory as compared to  
19 the regulatory requirements imposed on other businesses within the  
20 jurisdiction.

21 (2) The tax distribution forfeiture exemptions established under  
22 subsection (1)(b) of this section do not apply to any county, city,  
23 or town that uses its local regulatory authority to unreasonably  
24 impede, delay, or otherwise prevent the operation of a marijuana  
25 retailer with a state license authorizing its operation within the  
26 jurisdiction.

27 (3) The moneys forfeited pursuant to this section may be  
28 transferred to the state general fund.

29 **Sec. 2.** RCW 69.50.540 and 2015 3rd sp.s. c 4 s 967 are each  
30 amended to read as follows:

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

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

36 (a) Beginning July 1, 2015, one hundred twenty-five thousand  
37 dollars to the department of social and health services to design and  
38 administer the Washington state healthy youth survey, analyze the  
39 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 have a state licensed marijuana retailer that  
38 is fully operational and doing business within its jurisdictional  
39 boundaries in accordance with section 1 of this act and that do not  
40 prohibit the siting of any state licensed marijuana producer,

1 processor, or retailer. The distribution of funds under this  
2 subsection (2)(g)(i)(B) is subject to section 1 of this act.

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

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

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

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

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

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