

---

**SUBSTITUTE SENATE BILL 5296**

---

**State of Washington****66th Legislature****2019 Regular Session****By** Senate Labor & Commerce (originally sponsored by Senator Keiser)

1 AN ACT Relating to making technical and clarifying revisions and  
2 removing outdated references in liquor and cannabis board statutes;  
3 amending RCW 9.46.0315, 9.46.0331, 10.93.020, 15.89.070, 15.89.100,  
4 15.89.160, 19.126.030, 19.126.070, 19.192.010, 34.05.422, 35A.66.020,  
5 41.37.015, 41.40.023, 42.16.010, 43.06.455, 43.06.465, 43.06.466,  
6 43.06.490, 43.42A.010, 66.04.010, 66.08.020, 66.08.022, 66.08.026,  
7 66.08.030, 66.08.0501, 66.08.095, 66.08.145, 66.08.170, 66.12.130,  
8 66.20.370, 66.24.010, 66.24.025, 66.24.055, 66.24.155, 66.24.175,  
9 66.24.185, 66.24.206, 66.24.270, 66.24.290, 66.24.480, 66.24.481,  
10 66.24.495, 66.28.035, 66.28.040, 66.40.030, 66.40.140, 66.44.290,  
11 66.44.292, 66.44.310, 66.44.350, 67.70.070, 69.07.210, 69.50.325,  
12 69.50.326, 69.50.331, 69.50.334, 69.50.339, 69.50.342, 69.50.345,  
13 69.50.348, 69.50.351, 69.50.354, 69.50.363, 69.50.366, 69.50.369,  
14 69.50.375, 69.50.380, 69.50.382, 69.50.385, 69.50.390, 69.50.395,  
15 69.50.450, 69.50.500, 69.50.530, 69.50.535, 69.50.560, 69.50.565,  
16 69.50.580, 69.50.585, 69.51A.230, 69.51A.250, 69.51A.270, 70.155.010,  
17 70.155.020, 70.155.080, 70.155.090, 70.155.100, 70.155.110,  
18 70.155.120, 70.158.020, 77.15.750, 82.08.155, 82.24.010, 82.24.551,  
19 82.26.121, and 82.32.300; reenacting and amending RCW 66.20.300,  
20 66.24.210, 69.50.101, 69.50.357, 69.50.360, 69.50.372, 69.50.540,  
21 69.51A.010, and 82.26.010; and decodifying RCW 66.24.620.

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

1       **Sec. 1.** RCW 9.46.0315 and 2012 c 131 s 1 are each amended to  
2 read as follows:

3       (1) Bona fide charitable or bona fide nonprofit organizations  
4 organized primarily for purposes other than the conduct of raffles,  
5 are hereby authorized to conduct raffles without obtaining a license  
6 to do so from the commission when such raffles are held in accordance  
7 with all other requirements of this chapter, other applicable laws,  
8 and rules of the commission; when gross revenues from all such  
9 raffles held by the organization during the calendar year do not  
10 exceed five thousand dollars; and when tickets to such raffles are  
11 sold only to, and winners are determined only from among, the regular  
12 members of the organization conducting the raffle. The organization  
13 may provide unopened containers of beverages containing alcohol as  
14 raffle prizes if the appropriate permit has been obtained from the  
15 Washington state liquor ((control)) and cannabis board((:PROVIDED,  
16 That)). However, raffles that exceed five thousand dollars may also  
17 be conducted pursuant to the provisions of this section if the  
18 organization obtains a license from the commission((:PROVIDED  
19 FURTHER, That the term)).

20       (2) For the purposes of this section, "members" ((for this  
21 purpose shall)) means only those persons who have become members  
22 prior to the commencement of the raffle and whose qualification for  
23 membership was not dependent upon, or in any way related to, the  
24 purchase of a ticket, or tickets, for such raffles.

25       **Sec. 2.** RCW 9.46.0331 and 2009 c 78 s 1 are each amended to read  
26 as follows:

27       The legislature hereby authorizes any person to conduct or  
28 operate amusement games when licensed and operated pursuant to the  
29 provisions of this chapter and rules and regulations adopted by the  
30 commission at such locations as the commission may authorize. The  
31 rules shall provide for at least the following:

32       (1) Persons other than bona fide charitable or bona fide  
33 nonprofit organizations shall conduct amusement games only after  
34 obtaining a special amusement game license from the commission.

35       (2) Amusement games may be conducted under such a license only as  
36 a part of, and upon the site of:

37       (a) Any agricultural fair as authorized under chapter 15.76 or  
38 36.37 RCW; or

39       (b) A civic center of a county, city, or town; or

1 (c) A world's fair or similar exposition that is approved by the  
2 bureau of international expositions at Paris, France; or

3 (d) A community-wide civic festival held not more than once  
4 annually and sponsored or approved by the city, town, or county in  
5 which it is held; or

6 (e) A commercial exposition organized and sponsored by an  
7 organization or association representing the retail sales and service  
8 operators conducting business in a shopping center or other  
9 commercial area developed and operated for retail sales and service,  
10 but only upon a parking lot or similar area located in said shopping  
11 center or commercial area for a period of no more than seventeen  
12 consecutive days by any licensee during any calendar year; or

13 (f) An amusement park. An amusement park is a group of  
14 activities, at a permanent location, to which people go to be  
15 entertained through a combination of various mechanical or aquatic  
16 rides, theatrical productions, motion picture, and/or slide show  
17 presentations with food and drink service. The amusement park must  
18 include at least five different mechanical, or aquatic rides, three  
19 additional activities, and the gross receipts must be primarily from  
20 these amusement activities; or

21 (g) Within a regional shopping center. A regional shopping center  
22 is a shopping center developed and operated for retail sales and  
23 service by retail sales and service operators and consisting of more  
24 than six hundred thousand gross square feet not including parking  
25 areas. Amusement games conducted as a part of, and upon the site of,  
26 a regional shopping center shall not be subject to the prohibition on  
27 revenue sharing set forth in RCW 9.46.120(2); or

28 (h) A location that possesses a valid license from the Washington  
29 state liquor (~~control~~) and cannabis board and prohibits minors on  
30 their premises; or

31 (i) Movie theaters, bowling alleys, miniature golf course  
32 facilities, and amusement centers. For the purposes of this section  
33 an amusement center shall be defined as a permanent location whose  
34 primary source of income is from the operation of ten or more  
35 amusement devices; or

36 (j) Any business whose primary activity is to provide food  
37 service for on premises consumption and who offers family  
38 entertainment which includes at least three of the following  
39 activities: Amusement devices; theatrical productions; mechanical  
40 rides; motion pictures; and slide show presentations; or

1 (k) Other locations as the commission may authorize.

2 (3) No amusement games may be conducted in any location except in  
3 conformance with local zoning, fire, health, and similar regulations.  
4 In no event may the licensee conduct any amusement games at any of  
5 the locations set out in subsection (2) of this section without first  
6 having obtained the written permission to do so from the person or  
7 organization owning the premises or an authorized agent thereof, and  
8 from the persons sponsoring the fair, exhibition, commercial  
9 exhibition, or festival, or from the city or town operating the civic  
10 center, in connection with which the games are to be operated.

11 (4) In no event may a licensee conduct any amusement games at the  
12 location described in subsection (2)(g) of this section, without, at  
13 the location of such games, providing adult supervision during all  
14 hours the licensee is open for business at such location, prohibiting  
15 school-age minors from entry during school hours, maintaining full-  
16 time personnel whose responsibilities include maintaining security  
17 and daily machine maintenance, and providing for hours for the close  
18 of business at such location that are no later than 10:00 p.m. on  
19 Fridays and Saturdays and on all other days that are the same as  
20 those of the regional shopping center in which the licensee is  
21 located.

22 (5) In no event may a licensee conduct any amusement game at a  
23 location described in subsection (2)(i) or (j) of this section,  
24 without, at the location of such games, providing adult supervision  
25 during all hours the licensee is open for business at such location,  
26 prohibiting school-age minors from playing licensed amusement games  
27 during school hours, maintaining full-time personnel whose  
28 responsibilities include maintaining security and daily machine  
29 maintenance, and prohibiting minors from playing the amusement games  
30 after 10:00 p.m. on any day.

31 **Sec. 3.** RCW 10.93.020 and 2006 c 284 s 16 are each amended to  
32 read as follows:

33 As used in this chapter, the following terms have the meanings  
34 indicated unless the context clearly requires otherwise.

35 (1) "General authority Washington law enforcement agency" means  
36 any agency, department, or division of a municipal corporation,  
37 political subdivision, or other unit of local government of this  
38 state, and any agency, department, or division of state government,  
39 having as its primary function the detection and apprehension of

1 persons committing infractions or violating the traffic or criminal  
2 laws in general, as distinguished from a limited authority Washington  
3 law enforcement agency, and any other unit of government expressly  
4 designated by statute as a general authority Washington law  
5 enforcement agency. The Washington state patrol and the department of  
6 fish and wildlife are general authority Washington law enforcement  
7 agencies.

8 (2) "Limited authority Washington law enforcement agency" means  
9 any agency, political subdivision, or unit of local government of  
10 this state, and any agency, department, or division of state  
11 government, having as one of its functions the apprehension or  
12 detection of persons committing infractions or violating the traffic  
13 or criminal laws relating to limited subject areas, including but not  
14 limited to, the state departments of natural resources and social and  
15 health services, the state gambling commission, the state lottery  
16 commission, the state parks and recreation commission, the state  
17 utilities and transportation commission, the Washington state liquor  
18 (~~control~~) and cannabis board, the office of the insurance  
19 commissioner, and the state department of corrections.

20 (3) "General authority Washington peace officer" means any full-  
21 time, fully compensated and elected, appointed, or employed officer  
22 of a general authority Washington law enforcement agency who is  
23 commissioned to enforce the criminal laws of the state of Washington  
24 generally.

25 (4) "Limited authority Washington peace officer" means any full-  
26 time, fully compensated officer of a limited authority Washington law  
27 enforcement agency empowered by that agency to detect or apprehend  
28 violators of the laws in some or all of the limited subject areas for  
29 which that agency is responsible. A limited authority Washington  
30 peace officer may be a specially commissioned Washington peace  
31 officer if otherwise qualified for such status under this chapter.

32 (5) "Specially commissioned Washington peace officer", for the  
33 purposes of this chapter, means any officer, whether part-time or  
34 full-time, compensated or not, commissioned by a general authority  
35 Washington law enforcement agency to enforce some or all of the  
36 criminal laws of the state of Washington, who does not qualify under  
37 this chapter as a general authority Washington peace officer for that  
38 commissioning agency, specifically including reserve peace officers,  
39 and specially commissioned full-time, fully compensated peace  
40 officers duly commissioned by the states of Oregon or Idaho or any

1 such peace officer commissioned by a unit of local government of  
2 Oregon or Idaho. A reserve peace officer is an individual who is an  
3 officer of a Washington law enforcement agency who does not serve  
4 such agency on a full-time basis but who, when called by the agency  
5 into active service, is fully commissioned on the same basis as full-  
6 time peace officers to enforce the criminal laws of the state.

7 (6) "Federal peace officer" means any employee or agent of the  
8 United States government who has the authority to carry firearms and  
9 make warrantless arrests and whose duties involve the enforcement of  
10 criminal laws of the United States.

11 (7) "Agency with primary territorial jurisdiction" means a city  
12 or town police agency which has responsibility for police activity  
13 within its boundaries; or a county police or sheriff's department  
14 which has responsibility with regard to police activity in the  
15 unincorporated areas within the county boundaries; or a statutorily  
16 authorized port district police agency or four-year state college or  
17 university police agency which has responsibility for police activity  
18 within the statutorily authorized enforcement boundaries of the port  
19 district, state college, or university.

20 (8) "Primary commissioning agency" means (a) the employing agency  
21 in the case of a general authority Washington peace officer, a  
22 limited authority Washington peace officer, an Indian tribal peace  
23 officer, or a federal peace officer, and (b) the commissioning agency  
24 in the case of a specially commissioned Washington peace officer (i)  
25 who is performing functions within the course and scope of the  
26 special commission and (ii) who is not also a general authority  
27 Washington peace officer, a limited authority Washington peace  
28 officer, an Indian tribal peace officer, or a federal peace officer.

29 (9) "Primary function of an agency" means that function to which  
30 greater than fifty percent of the agency's resources are allocated.

31 (10) "Mutual law enforcement assistance" includes, but is not  
32 limited to, one or more law enforcement agencies aiding or assisting  
33 one or more other such agencies through loans or exchanges of  
34 personnel or of material resources, for law enforcement purposes.

35 **Sec. 4.** RCW 15.89.070 and 2015 c 225 s 13 are each amended to  
36 read as follows:

37 The commission shall:

38 (1) Elect a chair and officers. The officers must include a  
39 treasurer who is responsible for all receipts and disbursements by

1 the commission and the faithful discharge of whose duties shall be  
2 guaranteed by a bond at the sole expense of the commission. The  
3 commission must adopt rules for its own governance that provide for  
4 the holding of an annual meeting for the election of officers and the  
5 transaction of other business and for other meetings the commission  
6 may direct;

7 (2) Do all things reasonably necessary to effect the purposes of  
8 this chapter. However, the commission has no rule-making power except  
9 as provided in this chapter;

10 (3) Employ and discharge managers, secretaries, agents,  
11 attorneys, and employees and engage the services of independent  
12 contractors;

13 (4) Retain, as necessary, the services of private legal counsel  
14 to conduct legal actions on behalf of the commission. The retention  
15 of a private attorney is subject to review by the office of the  
16 attorney general;

17 (5) Receive donations of beer from producers for promotional  
18 purposes under subsections (6) and (7) of this section and for fund-  
19 raising purposes under subsection (8) of this section. Donations of  
20 beer for promotional purposes may only be disseminated without  
21 charge;

22 (6) Engage directly or indirectly in the promotion of Washington  
23 beer, including, without limitation, the acquisition in any lawful  
24 manner and the dissemination without charge of beer. This  
25 dissemination is not deemed a sale for any purpose and the commission  
26 is not deemed a producer, supplier, or manufacturer, or the clerk,  
27 servant, or agent of a producer, supplier, distributor, or  
28 manufacturer. This dissemination without charge shall be for  
29 agricultural development or trade promotion, and not for fund-raising  
30 purposes under subsection (8) of this section. Dissemination for  
31 promotional purposes may include promotional hosting and must in the  
32 good faith judgment of the commission be in the aid of the marketing,  
33 advertising, sale of beer, or of research related to such marketing,  
34 advertising, or sale;

35 (7) Promote Washington beer by conducting unique beer tastings  
36 without charge;

37 (8) Beginning July 1, 2007, fund the Washington beer commission  
38 through sponsorship of up to twelve beer festivals annually at which  
39 beer may be sold to festival participants. For this purpose, the  
40 commission would qualify for issue of a special occasion license as

1 an exception to WAC 314-05-020 but must comply with laws under Title  
2 66 RCW and rules adopted by the Washington state liquor (~~control~~)  
3 and cannabis board under which such events may be conducted;

4 (9) Participate in international, federal, state, and local  
5 hearings, meetings, and other proceedings relating to the production,  
6 regulation, distribution, sale, or use of beer including activities  
7 authorized under RCW 42.17A.635, including the reporting of those  
8 activities to the public disclosure commission;

9 (10) Acquire and transfer personal and real property, establish  
10 offices, incur expenses, and enter into contracts, including  
11 contracts for the creation and printing of promotional literature.  
12 The contracts are not subject to chapter 43.19 RCW, and are  
13 cancelable by the commission unless performed under conditions of  
14 employment that substantially conform to the laws of this state and  
15 the rules of the department of labor and industries. The commission  
16 may create debt and other liabilities that are reasonable for proper  
17 discharge of its duties under this chapter;

18 (11) Maintain accounts with one or more qualified public  
19 depositories as the commission may direct, for the deposit of money,  
20 and expend money for purposes authorized by this chapter by drafts  
21 made by the commission upon such institutions or by other means;

22 (12) Cause to be kept and annually closed, in accordance with  
23 generally accepted accounting principles, accurate records of all  
24 receipts, disbursements, and other financial transactions, available  
25 for audit by the state auditor;

26 (13) Create and maintain a list of producers and disseminate  
27 information among and solicit the opinions of producers with respect  
28 to the discharge of the duties of the commission, directly or by  
29 arrangement with trade associations or other instrumentalities;

30 (14) Employ, designate as an agent, act in concert with, and  
31 enter into contracts with any person, council, commission, or other  
32 entity to promote the general welfare of the beer industry and  
33 particularly to assist in the sale and distribution of Washington  
34 beer in domestic and foreign commerce. The commission shall expend  
35 money necessary or advisable for this purpose and to pay its  
36 proportionate share of the cost of any program providing direct or  
37 indirect assistance to the sale and distribution of Washington beer  
38 in domestic or foreign commerce, employing and paying for vendors of  
39 professional services of all kinds;



1 (15) Sue and be sued as a commission, without individual  
2 liability for acts of the commission within the scope of the powers  
3 conferred upon it by this chapter;

4 (16) Serve as liaison with the Washington state liquor  
5 (~~control~~) and cannabis board on behalf of the commission and not  
6 for any individual producer;

7 (17) Receive such gifts, grants, and endowments from public or  
8 private sources as may be made from time to time, in trust or  
9 otherwise, for the use and benefit of the purposes of the commission  
10 and expend the same or any income therefrom according to the terms of  
11 the gifts, grants, or endowments.

12 **Sec. 5.** RCW 15.89.100 and 2011 c 54 s 4 are each amended to read  
13 as follows:

14 (1) The commission shall prepare a list of all producers from  
15 information available from the Washington state liquor (~~control~~)  
16 and cannabis board, the department, or the producers' association.  
17 This list must contain the names and addresses of producers within  
18 this state and the amount, by barrelage, of beer produced during the  
19 period designated by the commission. A qualified person may, at any  
20 time, have his or her name placed upon the list by delivering or  
21 mailing the information to the commission. This list shall be  
22 corrected and brought up-to-date in accordance with evidence and  
23 information available to the commission by December 31st of each  
24 year. For the purposes of giving notice and holding referendums, the  
25 list updated before the date for issuing notices or ballots is the  
26 list of all producers entitled to notice, to assent or dissent, or to  
27 vote. Inadvertent failure to notify a producer does not invalidate a  
28 proceeding conducted under this chapter.

29 (2) It is the responsibility of producers to ensure that their  
30 correct address is filed with the commission. It is also the  
31 responsibility of producers to submit production data to the  
32 commission as prescribed by this chapter.

33 (3) The commission shall develop a reporting system to document  
34 that the producers in this state are reporting quantities of beer  
35 produced and are paying the assessment as provided in RCW 15.89.110.

36 **Sec. 6.** RCW 15.89.160 and 2006 c 330 s 19 are each amended to  
37 read as follows:

1 County and state law enforcement officers, the Washington state  
2 liquor (~~control~~) and cannabis board and its enforcement agents, and  
3 employees of the department shall enforce this chapter.

4 **Sec. 7.** RCW 19.126.030 and 2009 c 155 s 2 are each amended to  
5 read as follows:

6 Suppliers are entitled to the following protections which are  
7 deemed to be incorporated into every agreement of distributorship:

8 (1) Agreements between suppliers and wholesale distributors shall  
9 be in writing;

10 (2) A wholesale distributor shall maintain the financial and  
11 competitive capability necessary to achieve efficient and effective  
12 distribution of the supplier's products;

13 (3) A wholesale distributor shall maintain the quality and  
14 integrity of the supplier's product in the manner set forth by the  
15 supplier;

16 (4) A wholesale distributor shall exert its best efforts to sell  
17 the product of the supplier and shall merchandise such products in  
18 the stores of its retail customers as agreed between the wholesale  
19 distributor and supplier;

20 (5) The supplier may cancel or otherwise terminate any agreement  
21 with a wholesale distributor immediately and without notice if the  
22 reason for such termination is fraudulent conduct in any of the  
23 wholesale distributor's dealings with the supplier or its products,  
24 insolvency, the occurrence of an assignment for the benefit of  
25 creditors, bankruptcy, or suspension in excess of fourteen days or  
26 revocation of a license issued by the Washington state liquor and  
27 cannabis board;

28 (6) A wholesale distributor shall give the supplier prior written  
29 notice, of not less than ninety days, of any material change in its  
30 ownership or management and the supplier has the right to reasonable  
31 prior approval of any such change; and

32 (7) A wholesale distributor shall give the supplier prior written  
33 notice, of not less than ninety days, of the wholesale distributor's  
34 intent to cancel or otherwise terminate the distributorship  
35 agreement.

36 **Sec. 8.** RCW 19.126.070 and 1985 c 440 s 2 are each amended to  
37 read as follows:

1 Continued violation of this chapter constitutes grounds, in the  
2 discretion of the Washington state liquor (~~(control)~~) and cannabis  
3 board, for suspension or cancellation under RCW 66.24.010 of any  
4 license or certificate held by a supplier or its agent.

5 **Sec. 9.** RCW 19.192.010 and 1998 c 24 s 1 are each amended to  
6 read as follows:

7 (1) Any person or entity, other than those listed in subsection  
8 (2) of this section, issuing an identification card that purports to  
9 identify the holder as a resident of this or any other state and that  
10 contains at least a name, photograph, and date of birth, must label  
11 the card "not official proof of identification" in fluorescent yellow  
12 ink, on the face of the card, and in not less than fourteen-point  
13 font. The background color of the card must be a color other than the  
14 color used for official Washington state driver's licenses and  
15 identicards.

16 (2) This section does not apply to the following persons and  
17 entities:

- 18 (a) Department of licensing;
- 19 (b) Any federal, state, or local government agency;
- 20 (c) The Washington state liquor (~~(control)~~) and cannabis board;
- 21 (d) Private employers issuing cards identifying employees;
- 22 (e) Banks and credit card companies issuing credit, debit, or  
23 bank cards containing a person's photograph; and
- 24 (f) Retail or wholesale stores issuing membership cards  
25 containing a person's photograph.

26 (3) Failure to comply with this section is a class 1 civil  
27 infraction.

28 **Sec. 10.** RCW 34.05.422 and 2012 c 39 s 6 are each amended to  
29 read as follows:

30 (1) Unless otherwise provided by law: (a) Applications for rate  
31 changes and uncontested applications for licenses may, in the  
32 agency's discretion, be conducted as adjudicative proceedings; (b)  
33 applications for licenses that are contested by a person having  
34 standing to contest under the law and review of denials of  
35 applications for licenses or rate changes must be conducted as  
36 adjudicative proceedings; and (c) an agency may not revoke, suspend,  
37 or modify a license unless the agency gives notice of an opportunity

1 for an appropriate adjudicative proceeding in accordance with this  
2 chapter or other statute.

3 (2) An agency with authority to grant or deny a professional or  
4 occupational license must notify an applicant for a new or renewal  
5 license not later than twenty days prior to the date of the  
6 examination required for that license of any grounds for denial of  
7 the license which are based on specific information disclosed in the  
8 application submitted to the agency. The agency must notify the  
9 applicant either that the license is denied or that the decision to  
10 grant or deny the license will be made at a future date. If the  
11 agency fails to give the notification prior to the examination and  
12 the applicant is denied licensure, the examination fee must be  
13 refunded to the applicant. If the applicant takes the examination,  
14 the agency must notify the applicant of the result.

15 (3) When a licensee has made timely and sufficient application  
16 for the renewal of a license or a new license with reference to any  
17 activity of a continuing nature, an existing full, temporary, or  
18 provisional license does not expire until the application has been  
19 finally determined by the agency, and, in case the application is  
20 denied or the terms of the new license limited, until the last day  
21 for seeking review of the agency order or a later date fixed by order  
22 of the reviewing court.

23 (4) If the agency finds that public health, safety, or welfare  
24 imperatively requires emergency action, and incorporates a finding to  
25 that effect in its order, summary suspension of a license may be  
26 ordered pending proceedings for revocation or other action. These  
27 proceedings must be promptly instituted and determined.

28 (5) This section does not apply to requests made by the  
29 department of revenue, under the authority of RCW 82.08.155, to the  
30 Washington state liquor ((control)) and cannabis board to suspend a  
31 person's spirits license and to refuse to renew any spirits license  
32 held by the person and to issue any new spirits license to the  
33 person.

34 **Sec. 11.** RCW 35A.66.020 and 1967 ex.s. c 119 s 35A.66.020 are  
35 each amended to read as follows:

36 The qualified electors of any code city may petition for an  
37 election upon the question of whether the sale of liquor shall be  
38 permitted within the boundaries of such city as provided by chapter  
39 66.40 RCW, and shall be governed by the procedure therein, and may

1 regulate music, dancing and entertainment as authorized by RCW  
2 66.28.080 (~~(: PROVIDED, That)~~). However, every code city shall enforce  
3 state laws relating to the investigation and prosecution of all  
4 violations of Title 66 RCW relating to control of alcoholic beverages  
5 and shall be entitled to retain the fines collected therefrom as  
6 therein provided. Every code city shall also share in the allocation  
7 and distribution of liquor profits and excise as provided in RCW  
8 82.08.170, 66.08.190, and 66.08.210, and make reports of seizure as  
9 required by RCW 66.32.090, and otherwise regulate by ordinances not  
10 in conflict with state law or Washington state liquor and cannabis  
11 board (~~(regulations)~~) rules.

12 **Sec. 12.** RCW 41.37.015 and 2004 c 242 s 3 are each amended to  
13 read as follows:

14 A retirement system is hereby created for public safety employees  
15 of the Washington state department of corrections, the Washington  
16 state parks and recreation commission, the Washington state gambling  
17 commission, the Washington state patrol, the Washington state liquor  
18 (~~(control)~~) and cannabis board, county corrections departments, and  
19 city corrections departments not covered under chapter 41.28 RCW. The  
20 administration and management of the retirement system, the  
21 responsibility for making effective the provisions of this chapter,  
22 and the authority to make all rules necessary therefor are hereby  
23 vested in the department. All rules shall be governed by chapter  
24 34.05 RCW. This retirement system shall be known as the Washington  
25 public safety employees' retirement system.

26 **Sec. 13.** RCW 41.40.023 and 2010 c 80 s 1 are each amended to  
27 read as follows:

28 Membership in the retirement system shall consist of all  
29 regularly compensated employees and appointive and elective officials  
30 of employers, as defined in this chapter, with the following  
31 exceptions:

32 (1) Persons in ineligible positions;

33 (2) Employees of the legislature except the officers thereof  
34 elected by the members of the senate and the house and legislative  
35 committees, unless membership of such employees be authorized by the  
36 said committee;

37 (3) (a) Persons holding elective offices or persons appointed  
38 directly by the governor (~~(: PROVIDED, That)~~). However, such persons

1 shall have the option of applying for membership during such periods  
2 of employment (~~(: AND PROVIDED FURTHER, That)~~). Any persons holding or  
3 who have held elective offices or persons appointed by the governor  
4 who are members in the retirement system and who have, prior to  
5 becoming such members, previously held an elective office, and did  
6 not at the start of such initial or successive terms of office  
7 exercise their option to become members, may apply for membership to  
8 be effective during such term or terms of office, and shall be  
9 allowed to establish the service credit applicable to such term or  
10 terms of office upon payment of the employee contributions therefor  
11 by the employee with interest as determined by the director and  
12 employer contributions therefor by the employer or employee with  
13 interest as determined by the director (~~(: AND PROVIDED FURTHER,  
14 That)~~). All contributions with interest submitted by the employee  
15 under this subsection shall be placed in the employee's individual  
16 account in the employee's savings fund and be treated as any other  
17 contribution made by the employee, with the exception that any  
18 contributions submitted by the employee in payment of the employer's  
19 obligation, together with the interest the director may apply to the  
20 employer's contribution, shall not be considered part of the member's  
21 annuity for any purpose except withdrawal of contributions;

22 (b) A member holding elective office who has elected to apply for  
23 membership pursuant to (a) of this subsection and who later wishes to  
24 be eligible for a retirement allowance shall have the option of  
25 ending his or her membership in the retirement system. A member  
26 wishing to end his or her membership under this subsection must file,  
27 on a form supplied by the department, a statement indicating that the  
28 member agrees to irrevocably abandon any claim for service for future  
29 periods served as an elected official. A member who receives more  
30 than fifteen thousand dollars per year in compensation for his or her  
31 elective service, adjusted annually for inflation by the director, is  
32 not eligible for the option provided by this subsection (3) (b);

33 (4) Employees holding membership in, or receiving pension  
34 benefits under, any retirement plan operated wholly or in part by an  
35 agency of the state or political subdivision thereof, or who are by  
36 reason of their current employment contributing to or otherwise  
37 establishing the right to receive benefits from any such retirement  
38 plan except as follows:

39 (a) In any case where the retirement system has in existence an  
40 agreement with another retirement system in connection with exchange

1 of service credit or an agreement whereby members can retain service  
2 credit in more than one system, such an employee shall be allowed  
3 membership rights should the agreement so provide;

4 (b) An employee shall be allowed membership if otherwise eligible  
5 while receiving survivor's benefits;

6 (c) An employee shall not either before or after June 7, 1984, be  
7 excluded from membership or denied service credit pursuant to this  
8 subsection solely on account of: (i) Membership in the plan created  
9 under chapter 2.14 RCW; or (ii) enrollment under the relief and  
10 compensation provisions or the pension provisions of the volunteer  
11 firefighters' (~~((and reserve officers'))~~) and reserve officers'  
12 relief and pension (~~((principal))~~) principal fund under chapter 41.24  
13 RCW;

14 (d) Except as provided in RCW 41.40.109, on or after July 25,  
15 1999, an employee shall not be excluded from membership or denied  
16 service credit pursuant to this subsection solely on account of  
17 participation in a defined contribution pension plan qualified under  
18 section 401 of the internal revenue code;

19 (e) Employees who have been reported in the retirement system  
20 prior to July 25, 1999, and who participated during the same period  
21 of time in a defined contribution pension plan qualified under  
22 section 401 of the internal revenue code and operated wholly or in  
23 part by the employer, shall not be excluded from previous retirement  
24 system membership and service credit on account of such  
25 participation;

26 (5) Patient and inmate help in state charitable, penal, and  
27 correctional institutions;

28 (6) "Members" of a state veterans' home or state soldiers' home;

29 (7) Persons employed by an institution of higher learning or  
30 community college, primarily as an incident to and in furtherance of  
31 their education or training, or the education or training of a  
32 spouse;

33 (8) Employees of an institution of higher learning or community  
34 college during the period of service necessary to establish  
35 eligibility for membership in the retirement plans operated by such  
36 institutions;

37 (9) Persons rendering professional services to an employer on a  
38 fee, retainer, or contract basis or when the income from these  
39 services is less than fifty percent of the gross income received from  
40 the person's practice of a profession;

1 (10) Persons appointed after April 1, 1963, by the Washington  
2 state liquor ((control)) and cannabis board as contract liquor store  
3 managers;

4 (11) Employees of a labor guild, association, or organization(~~(=~~  
5 ~~PROVIDED, That)~~). Elective officials and employees of a labor guild,  
6 association, or organization which qualifies as an employer within  
7 this chapter shall have the option of applying for membership;

8 (12) Retirement system retirees(~~(=~~ ~~PROVIDED, That)~~). Following  
9 reemployment in an eligible position, a retiree may elect to  
10 prospectively become a member of the retirement system if otherwise  
11 eligible;

12 (13) Persons employed by or appointed or elected as an official  
13 of a first-class city that has its own retirement system(~~(=~~ ~~PROVIDED,~~  
14 ~~That)~~). Any member elected or appointed to an elective office on or  
15 after April 1, 1971, shall have the option of continuing as a member  
16 of this system in lieu of becoming a member of the city system. A  
17 member who elects to continue as a member of this system shall pay  
18 the appropriate member contributions and the city shall pay the  
19 employer contributions at the rates prescribed by this chapter. The  
20 city shall also transfer to this system all of such member's  
21 accumulated contributions together with such further amounts as  
22 necessary to equal all employee and employer contributions which  
23 would have been paid into this system on account of such service with  
24 the city and thereupon the member shall be granted credit for all  
25 such service. Any city that becomes an employer as defined in RCW  
26 41.40.010(13) as the result of an individual's election under this  
27 subsection shall not be required to have all employees covered for  
28 retirement under the provisions of this chapter. Nothing in this  
29 subsection shall prohibit a city of the first class with its own  
30 retirement system from: (a) Transferring all of its current employees  
31 to the retirement system established under this chapter, or (b)  
32 allowing newly hired employees the option of continuing coverage  
33 under the retirement system established by this chapter.

34 Notwithstanding any other provision of this chapter, persons  
35 transferring from employment with a first-class city of over four  
36 hundred thousand population that has its own retirement system to  
37 employment with the state department of agriculture may elect to  
38 remain within the retirement system of such city and the state shall  
39 pay the employer contributions for such persons at like rates as  
40 prescribed for employers of other members of such system;



1 (14) Employees who (a) are not citizens of the United States, (b)  
2 do not reside in the United States, and (c) perform duties outside of  
3 the United States;

4 (15) Employees who (a) are not citizens of the United States, (b)  
5 are not covered by chapter 41.48 RCW, (c) are not excluded from  
6 membership under this chapter or chapter 41.04 RCW, (d) are residents  
7 of this state, and (e) make an irrevocable election to be excluded  
8 from membership, in writing, which is submitted to the director  
9 within thirty days after employment in an eligible position;

10 (16) Employees who are citizens of the United States and who  
11 reside and perform duties for an employer outside of the United  
12 States(~~(: PROVIDED, That)~~). Unless otherwise excluded under this  
13 chapter or chapter 41.04 RCW, the employee may apply for membership  
14 (a) within thirty days after employment in an eligible position and  
15 membership service credit shall be granted from the first day of  
16 membership service, and (b) after this thirty-day period, but  
17 membership service credit shall be granted only if payment is made  
18 for the noncredited membership service under RCW 41.50.165(2),  
19 otherwise service shall be from the date of application;

20 (17) The city manager or chief administrative officer of a city  
21 or town, other than a retiree, who serves at the pleasure of an  
22 appointing authority(~~(: PROVIDED, That)~~). Such persons shall have the  
23 option of applying for membership within thirty days from date of  
24 their appointment to such positions. Persons serving in such  
25 positions as of April 4, 1986, shall continue to be members in the  
26 retirement system unless they notify the director in writing prior to  
27 December 31, 1986, of their desire to withdraw from membership in the  
28 retirement system. A member who withdraws from membership in the  
29 system under this section shall receive a refund of the member's  
30 accumulated contributions.

31 Persons serving in such positions who have not opted for  
32 membership within the specified thirty days, may do so by paying the  
33 amount required under RCW 41.50.165(2) for the period from the date  
34 of their appointment to the date of acceptance into membership;

35 (18) Persons serving as: (a) The chief administrative officer of  
36 a public utility district as defined in RCW 54.16.100; (b) the chief  
37 administrative officer of a port district formed under chapter 53.04  
38 RCW; or (c) the chief administrative officer of a county who serves  
39 at the pleasure of an appointing authority(~~(: PROVIDED, That)~~). Such  
40 persons shall have the option of applying for membership within

1 thirty days from the date of their appointment to such positions.  
2 Persons serving in such positions as of July 25, 1999, shall continue  
3 to be members in the retirement system unless they notify the  
4 director in writing prior to December 31, 1999, of their desire to  
5 withdraw from membership in the retirement system. A member who  
6 withdraws from membership in the system under this section shall  
7 receive a refund of the member's accumulated contributions upon  
8 termination of employment or as otherwise consistent with the plan's  
9 tax qualification status as defined in internal revenue code section  
10 401.

11 Persons serving in such positions who have not opted for  
12 membership within the specified thirty days, may do so at a later  
13 date by paying the amount required under RCW 41.50.165(2) for the  
14 period from the date of their appointment to the date of acceptance  
15 into membership;

16 (19) Persons enrolled in state-approved apprenticeship programs,  
17 authorized under chapter 49.04 RCW, and who are employed by local  
18 governments to earn hours to complete such apprenticeship programs,  
19 if the employee is a member of a union-sponsored retirement plan and  
20 is making contributions to such a retirement plan or if the employee  
21 is a member of a Taft-Hartley retirement plan;

22 (20) Beginning on July 22, 2001, persons employed exclusively as  
23 trainers or trainees in resident apprentice training programs  
24 operated by housing authorities authorized under chapter 35.82 RCW,  
25 (a) if the trainer or trainee is a member of a union-sponsored  
26 retirement plan and is making contributions to such a retirement plan  
27 or (b) if the employee is a member of a Taft-Hartley retirement plan;

28 (21) Employees who are removed from membership under RCW  
29 41.40.823 or 41.40.633; and

30 (22) Persons employed as the state director of fire protection  
31 under RCW 43.43.938 who were previously members of the law  
32 enforcement officers' and firefighters' retirement system plan 2  
33 under chapter 41.26 RCW may continue as a member of the law  
34 enforcement officers' and firefighters' retirement system in lieu of  
35 becoming a member of this system.

36 **Sec. 14.** RCW 42.16.010 and 2014 c 162 s 2 are each amended to  
37 read as follows:

38 (1) Except as provided otherwise in subsections (2) and (3) of  
39 this section, all state officers and employees shall be paid for

1 services rendered from the first day of the month through the  
2 fifteenth day of the month and for services rendered from the  
3 sixteenth day of the month through the last calendar day of the  
4 month. Paydates for these two pay periods shall be established by the  
5 director of financial management through the administrative hearing  
6 process and the official paydates shall be established six months  
7 prior to the beginning of each subsequent calendar year. Under no  
8 circumstance shall the paydate be established more than ten days  
9 after the pay period in which the wages are earned except when the  
10 designated paydate falls on Sunday, in which case the paydate shall  
11 not be later than the following Monday. Payment shall be deemed to  
12 have been made by the established paydates if: (a) The salary warrant  
13 is available at the geographic work location at which the warrant is  
14 normally available to the employee; or (b) the salary has been  
15 electronically transferred into the employee's account at the  
16 employee's designated financial institution; or (c) the salary  
17 warrants are mailed at least two days before the established paydate  
18 for those employees engaged in work in remote or varying locations  
19 from the geographic location at which the payroll is prepared,  
20 provided that the employee has requested payment by mail.

21 The office of financial management shall develop the necessary  
22 policies and operating procedures to assure that all remuneration for  
23 services rendered including basic salary, shift differential, standby  
24 pay, overtime, penalty pay, salary due based on contractual  
25 agreements, and special pay provisions, as provided for by law,  
26 agency policy or rule, or contract, shall be available to the  
27 employee on the designated paydate. Overtime, penalty pay, and  
28 special pay provisions may be paid by the next following paydate if  
29 the postponement of payment is attributable to: The employee's not  
30 making a timely or accurate report of the facts which are the basis  
31 for the payment, or the employer's lack of reasonable opportunity to  
32 verify the claim.

33 Compensable benefits payable because of separation from state  
34 service shall be paid with the earnings for the final period worked  
35 unless the employee separating has not provided the agency with the  
36 proper notification of intent to terminate.

37 One-half of the employee's basic monthly salary shall be paid in  
38 each pay period. Employees paid on an hourly basis or employees who  
39 work less than a full pay period shall be paid for actual salary  
40 earned.

1           (2) Subsection (1) of this section shall not apply in instances  
2 where it would conflict with contractual rights or, with the approval  
3 of the office of financial management, to short-term, intermittent,  
4 noncareer state employees, to student employees of institutions of  
5 higher education, and to national or state guard members  
6 participating in state active duty(~~(, and to liquor control agency~~  
7 ~~managers who are paid a percentage of monthly liquor sales))~~).

8           (3) When a national or state guard member is called to  
9 participate in state active duty, the paydate shall be no more than  
10 seven days following completion of duty or the end of the pay period,  
11 whichever is first. When the seventh day falls on Sunday, the paydate  
12 shall not be later than the following Monday. This subsection shall  
13 apply only to the pay a national or state guard member receives from  
14 the military department for state active duty.

15           (4) Notwithstanding subsections (1) and (2) of this section, a  
16 bargained contract at an institution of higher education may include  
17 a provision for paying part-time academic employees on a pay schedule  
18 that coincides with all the paydays used for full-time academic  
19 employees.

20           (5)(a) Notwithstanding subsections (1), (2), and (4) of this  
21 section, an institution of higher education as defined in RCW  
22 28B.10.016 may pay its employees for services rendered biweekly, in  
23 pay periods consisting of two consecutive seven calendar-day weeks.  
24 The paydate for each pay period shall be seven calendar days after  
25 the end of the pay period. Under no circumstance may the paydate be  
26 established more than seven days after the pay period in which the  
27 wages are earned except that when the designated paydate falls on a  
28 holiday, the paydate shall not be later than the following Monday.

29           (b) Employees on a biweekly payroll cycle under this subsection  
30 (5) who are paid a salary may receive a prorated amount of their  
31 annualized salary each pay period. The prorated amount must be  
32 proportional to the number of pay periods worked in the calendar  
33 year. Employees on a biweekly payroll cycle under this subsection (5)  
34 who are paid hourly, or who work less than a full pay period may be  
35 paid the actual salary amount earned during the pay period.

36           (c) Each institution that adopts a biweekly pay schedule under  
37 this subsection (5) must establish, publish, and notify the director  
38 of the office of financial management of the official paydates six  
39 months before the beginning of each subsequent calendar year.

1 (6) Notwithstanding subsections (1), (2), and (4) of this  
2 section, academic employees at institutions of higher education as  
3 defined in RCW 28B.10.016 whose employment appointments are less than  
4 twelve months may have their salaries prorated in such a way that  
5 coincides with the paydays used for full-time employees.

6 **Sec. 15.** RCW 43.06.455 and 2001 c 235 s 2 are each amended to  
7 read as follows:

8 (1) The governor may enter into cigarette tax contracts  
9 concerning the sale of cigarettes. All cigarette tax contracts shall  
10 meet the requirements for cigarette tax contracts under this section.  
11 Except for cigarette tax contracts under RCW 43.06.460, the rates,  
12 revenue sharing, and exemption terms of a cigarette tax contract are  
13 not effective unless authorized in a bill enacted by the legislature.

14 (2) Cigarette tax contracts shall be in regard to retail sales in  
15 which Indian retailers make delivery and physical transfer of  
16 possession of the cigarettes from the seller to the buyer within  
17 Indian country, and are not in regard to transactions by non-Indian  
18 retailers. In addition, contracts shall provide that retailers shall  
19 not sell or give, or permit to be sold or given, cigarettes to any  
20 person under the age of eighteen years.

21 (3) A cigarette tax contract with a tribe shall provide for a  
22 tribal cigarette tax in lieu of all state cigarette taxes and state  
23 and local sales and use taxes on sales of cigarettes in Indian  
24 country by Indian retailers. The tribe may allow an exemption for  
25 sales to tribal members.

26 (4) Cigarette tax contracts shall provide that all cigarettes  
27 possessed or sold by a retailer shall bear a cigarette stamp obtained  
28 by wholesalers from a bank or other suitable stamp vendor and applied  
29 to the cigarettes. The procedures to be used by the tribe in  
30 obtaining tax stamps must include a means to assure that the tribal  
31 tax will be paid by the wholesaler obtaining such cigarettes. Tribal  
32 stamps must have serial numbers or some other discrete identification  
33 so that each stamp can be traced to its source.

34 (5) Cigarette tax contracts shall provide that retailers shall  
35 purchase cigarettes only from:

36 (a) Wholesalers or manufacturers licensed to do business in the  
37 state of Washington;

38 (b) Out-of-state wholesalers or manufacturers who, although not  
39 licensed to do business in the state of Washington, agree to comply

1 with the terms of the cigarette tax contract, are certified to the  
2 state as having so agreed, and who do in fact so comply. However, the  
3 state may in its sole discretion exercise its administrative and  
4 enforcement powers over such wholesalers or manufacturers to the  
5 extent permitted by law;

6 (c) A tribal wholesaler that purchases only from a wholesaler or  
7 manufacturer described in (a), (b), or (d) of this subsection; and

8 (d) A tribal manufacturer.

9 (6) Cigarette tax contracts shall be for renewable periods of no  
10 more than eight years. A renewal may not include a renewal of the  
11 phase-in period.

12 (7) Cigarette tax contracts shall include provisions for  
13 compliance, such as transport and notice requirements, inspection  
14 procedures, stamping requirements, recordkeeping, and audit  
15 requirements.

16 (8) Tax revenue retained by a tribe must be used for essential  
17 government services. Use of tax revenue for subsidization of  
18 cigarette and food retailers is prohibited.

19 (9) The cigarette tax contract may include provisions to resolve  
20 disputes using a nonjudicial process, such as mediation.

21 (10) The governor may delegate the power to negotiate cigarette  
22 tax contracts to the department of revenue. The department of revenue  
23 shall consult with the Washington state liquor (~~((control))~~) and  
24 cannabis board during the negotiations.

25 (11) Information received by the state or open to state review  
26 under the terms of a contract is subject to the provisions of RCW  
27 82.32.330.

28 (12) It is the intent of the legislature that the Washington  
29 state liquor (~~((control))~~) and cannabis board and the department of  
30 revenue continue the division of duties and shared authority under  
31 chapter 82.24 RCW and therefore the Washington state liquor  
32 (~~((control))~~) and cannabis board is responsible for enforcement  
33 activities that come under the terms of chapter 82.24 RCW.

34 (13) Each cigarette tax contract shall include a procedure for  
35 notifying the other party that a violation has occurred, a procedure  
36 for establishing whether a violation has in fact occurred, an  
37 opportunity to correct such violation, and a provision providing for  
38 termination of the contract should the violation fail to be resolved  
39 through this process, such termination subject to mediation should  
40 the terms of the contract so allow. A contract shall provide for

1 termination of the contract if resolution of a dispute does not occur  
2 within twenty-four months from the time notification of a violation  
3 has occurred. Intervening violations do not extend this time period.  
4 In addition, the contract shall include provisions delineating the  
5 respective roles and responsibilities of the tribe, the department of  
6 revenue, and the Washington state liquor ((control)) and cannabis  
7 board.

8 (14) For purposes of this section and RCW 43.06.460, 82.08.0316,  
9 82.12.0316, and 82.24.295:

10 (a) "Essential government services" means services such as tribal  
11 administration, public facilities, fire, police, public health,  
12 education, job services, sewer, water, environmental and land use,  
13 transportation, utility services, and economic development;

14 (b) "Indian retailer" or "retailer" means (i) a retailer wholly  
15 owned and operated by an Indian tribe, (ii) a business wholly owned  
16 and operated by a tribal member and licensed by the tribe, or (iii) a  
17 business owned and operated by the Indian person or persons in whose  
18 name the land is held in trust; and

19 (c) "Indian tribe" or "tribe" means a federally recognized Indian  
20 tribe located within the geographical boundaries of the state of  
21 Washington.

22 **Sec. 16.** RCW 43.06.465 and 2005 c 11 s 2 are each amended to  
23 read as follows:

24 (1) The governor may enter into a cigarette tax agreement with  
25 the Puyallup Tribe of Indians concerning the sale of cigarettes,  
26 subject to the limitations in this section. The legislature intends  
27 to address the uniqueness of the Puyallup Indian reservation and its  
28 selling environment through pricing and compliance strategies, rather  
29 than through the imposition of equivalent taxes. It is the  
30 legislature's intent (a) that an increase in prices through a flat  
31 tax will reduce much of the competitive advantage that has  
32 historically existed due to the discrepancy in the difference between  
33 state and tribal taxes, and (b) that the tribal retailers can remain  
34 in business under the changed circumstances. The governor may  
35 delegate the authority to negotiate a cigarette tax agreement with  
36 the Puyallup Tribe to the department of revenue. The department of  
37 revenue shall consult with the Washington state liquor ((control))  
38 and cannabis board during the negotiations.

1 (2) Any agreement must require the tribe to impose a tax of  
2 eleven dollars and seventy-five cents on each carton of cigarettes,  
3 with ten packs a carton and twenty cigarettes per pack being the  
4 industry standard. This tax shall be prorated for cartons and packs  
5 that are nonstandard. This tribal tax is in lieu of the combined  
6 state and local sales and use taxes, and state cigarette taxes, and  
7 as such these state taxes are not imposed during the term of the  
8 agreement on any transaction governed by the agreement. The tribal  
9 tax shall increase or decrease by the same dollar amount as any  
10 increase or decrease in the state cigarette tax.

11 (3) The agreement must include a provision requiring the tribe to  
12 transmit thirty percent of the tribal tax revenue on all cigarette  
13 sales to the state. The funds shall be transmitted to the state  
14 treasurer on a quarterly basis for deposit by the state treasurer  
15 into the general fund. The remaining tribal tax revenue must be used  
16 for essential government services, as that term is defined in RCW  
17 43.06.455.

18 (4) The agreement is limited to retail sales in which Indian  
19 retailers make delivery and physical transfer of possession of the  
20 cigarettes from the seller to the buyer within Indian country, and  
21 are not in regard to transactions by non-Indian retailers. In  
22 addition, agreements shall provide that retailers shall not sell or  
23 give, or permit to be sold or given, cigarettes to any person under  
24 the age of eighteen years.

25 (5) (a) The agreement must include a provision to price and sell  
26 the cigarettes so that the retail selling price is not less than the  
27 price paid by the retailer for the cigarettes.

28 (b) The tribal tax is in addition to the retail selling price.

29 (c) The agreement must include a provision to assure the price  
30 paid to the retailer includes the tribal tax, as evidenced by the  
31 tribe's cigarette stamp.

32 (d) If the tribe is acting as a wholesaler to tribal retailers,  
33 the retail selling price must not be less than the price the tribe  
34 paid for such cigarettes plus the tribal tax, as evidenced by the  
35 tribe's cigarette stamp.

36 (6) (a) The agreement must include provisions regarding  
37 enforcement and compliance by the tribe in regard to enrolled tribal  
38 members who sell cigarettes and shall describe the individual and  
39 joint responsibilities of the tribe, the department of revenue, and  
40 the Washington state liquor (~~control~~) and cannabis board.



1 (b) The agreement must include provisions for tax administration  
2 and compliance, such as transport and notice requirements, inspection  
3 procedures, stamping requirements, recordkeeping, and audit  
4 requirements.

5 (c) The agreement must include provisions for sharing of  
6 information among the tribe, the department of revenue, and the  
7 Washington state liquor ((control)) and cannabis board.

8 (7) The agreement must provide that all cigarettes possessed or  
9 sold by a tribal retailer shall bear a tribal cigarette stamp  
10 obtained by wholesalers from a bank or other suitable stamp vendor  
11 and applied to the cigarettes. Tribal stamps must have serial numbers  
12 or some other discrete identification so that each stamp can be  
13 traced to its source.

14 (8) The agreement must provide that retailers shall purchase  
15 cigarettes only from wholesalers or manufacturers licensed to do  
16 business in the state of Washington.

17 (9) The agreement must be for a renewable period of no more than  
18 eight years.

19 (10) The agreement must include provisions to resolve disputes  
20 using a nonjudicial process, such as mediation, and shall include a  
21 dispute resolution protocol. The protocol shall include a procedure  
22 for notifying the other party that a violation has occurred, a  
23 procedure for establishing whether a violation has in fact occurred,  
24 an opportunity to correct such violation, and a provision providing  
25 for termination of the agreement should the violation fail to be  
26 resolved through this process, such termination subject to mediation  
27 should the terms of the agreement so allow. An agreement must provide  
28 for termination of the agreement if resolution of a dispute does not  
29 occur within twenty-four months from the time notification of a  
30 violation has occurred. Intervening violations do not extend this  
31 time period.

32 (11) The agreement may not include any provisions that impact the  
33 state's share of the master settlement agreement, and as such this  
34 agreement does not authorize negotiation regarding a redistribution  
35 of the state's proceeds under the master settlement agreement.

36 (12) Information received by the state or open to state review  
37 under the terms of an agreement is subject to RCW 82.32.330.

38 (13) It is the intent of the legislature that the Washington  
39 state liquor ((control)) and cannabis board and the department of

1 revenue continue the division of duties and shared authority under  
2 chapter 82.24 RCW.

3 (14) For purposes of this section:

4 (a) "Indian country" has the same meaning as in chapter 82.24  
5 RCW.

6 (b) "Indian retailer" or "retailer" means (i) a retailer wholly  
7 owned and operated by an Indian tribe or (ii) a business wholly owned  
8 and operated by an enrolled tribal member and licensed by the tribe.

9 (c) "Indian tribe" or "tribe" means the Puyallup Tribe of  
10 Indians, which is a federally recognized Indian tribe located within  
11 the geographical boundaries of the state of Washington.

12 **Sec. 17.** RCW 43.06.466 and 2008 c 228 s 1 are each amended to  
13 read as follows:

14 (1) The legislature finds that entering into a cigarette tax  
15 agreement with the Yakama Nation is a positive step and that such an  
16 agreement will support a stable and orderly environment on the Yakima  
17 Reservation for regulation of cigarette sales. The legislature  
18 further finds that the very special circumstances of the Yakama  
19 Nation pursuant to the Treaty with the Yakamas of 1855 (12 Stat. 951)  
20 support a cigarette tax agreement that reflects those circumstances.  
21 The legislature also finds that the provisions of the agreement with  
22 the Yakama Nation authorized by chapter 228, Laws of 2008 are  
23 reasonably necessary to prevent fraudulent transactions and place a  
24 minimal burden on the Yakama Nation, pursuant to the United States  
25 supreme court's decision in *Washington v. Confederated Tribes of the*  
26 *Colville Indian Reservation*, 447 U.S. 134 (1980).

27 It is the intent of the legislature that the cigarette tax  
28 agreement with the Yakama Nation reflects the uniqueness of the  
29 Yakama Nation's Treaty through specific terms that govern pricing of  
30 cigarettes, tribal cigarette tax revenue, information sharing, and  
31 administration of the agreement.

32 (2) For purposes of this section:

33 (a) "Cigarette" has the same meaning as in chapter 82.24 RCW; and

34 (b) "Tribal retailer" means a cigarette retailer as that term is  
35 defined in RCW 82.24.010 that is licensed by and located within the  
36 jurisdiction of the Yakama Nation and is wholly owned by the Yakama  
37 Nation or any of its enrolled members.

38 (3) The governor may enter into a cigarette tax agreement with  
39 the Yakama Nation, a federally recognized Indian tribe located within

1 the geographical boundaries of the state of Washington, concerning  
2 the sale of cigarettes, subject to the provisions of this section.  
3 The governor may delegate the authority to negotiate the agreement to  
4 the department of revenue.

5 (4) The agreement must be for a renewable period of no more than  
6 eight years.

7 (5) All cigarettes possessed or sold by tribal retailers must be  
8 subject to the agreement, except cigarettes manufactured within the  
9 jurisdiction of the Yakama Nation by the Yakama Nation or its  
10 enrolled members.

11 (6) The agreement must allow the Yakama Nation to exempt its  
12 enrolled members from the tribal cigarette tax imposed under  
13 subsection (7) of this section.

14 (a) Sales of cigarettes exempt under this subsection must be  
15 subject to the requirements of subsection (9) of this section.

16 (b) The exemption must be provided only at the point of sale and  
17 reimbursement provided to the tribal retailer by the Yakama Nation.

18 (7) The agreement must require the Yakama Nation to impose and  
19 maintain in effect on the sale of cigarettes by tribal retailers a  
20 tax as provided in this subsection.

21 (a) The rate of tax will be expressed in dollars and cents and  
22 must be the percentage of tax imposed by the state under chapter  
23 82.24 RCW for the period of the agreement as stated (~~here~~) in this  
24 subsection:

25 (i) Eighty percent during the first six years;

26 (ii) Eighty-four percent during the seventh year; and

27 (iii) Eighty-seven and six-tenths percent during the eighth year.

28 (b) The tax must be imposed on each carton, or portion of a  
29 carton, of cigarettes, with ten packs per carton and twenty  
30 cigarettes per pack being the industry standard, and prorated for  
31 cartons and packs that are not standard.

32 (c) The tax must be in lieu of the combined state and local sales  
33 and use taxes, and state cigarette taxes, and, as provided in RCW  
34 82.24.302, 82.08.0316, and 82.12.0316, the taxes imposed by chapters  
35 82.08, 82.12, and 82.24 RCW do not apply during the term of the  
36 agreement on any transaction governed by the agreement.

37 (d) Throughout the term of the agreement and any renewal of the  
38 agreement, the tax must increase or decrease in correspondence with  
39 the state cigarette tax by applying the percentages in (a) of this  
40 subsection.

1 (8) The revenue generated by the tax imposed under subsection (7)  
2 of this section must be used by the Yakama Nation for essential  
3 government services, as that term is defined in RCW 43.06.455.

4 (9) All cigarettes possessed or sold by a tribal retailer must  
5 bear a tribal cigarette tax stamp as provided in this subsection.

6 (a) The Yakama Nation may act as its own stamp vendor, subject to  
7 meeting reasonable requirements for internal controls.

8 (b) The stamps must have serial numbers or other discrete  
9 identification that allow stamps to be traced to their source.

10 (10) The price paid by the tribal retailer to the wholesaler must  
11 not be less than the total of the price paid by the Yakama Nation or  
12 other wholesaler and the tax imposed under subsection (7) of this  
13 section.

14 (11) The retail selling price of cigarettes sold by tribal  
15 retailers must not be less than the price paid by them under  
16 subsection (10) of this section.

17 (12) Tribal retailers must not sell or give, or permit to be sold  
18 or given, cigarettes to any person under the age of eighteen years.

19 (13) The authority and the individual and joint responsibility of  
20 the Yakama Nation, the department of revenue, and the Washington  
21 state liquor (~~control~~) and cannabis board for administration and  
22 enforcement must be specified in the agreement including, but not  
23 limited to, requirements regarding transport of cigarettes, keeping  
24 of records, reporting, notice, inspection, audit, and mutual exchange  
25 of information.

26 (a) Requirements must provide for sharing of information  
27 regarding transport of cigarettes in the state of Washington by the  
28 Yakama Nation or its enrolled members, reporting of information on  
29 sales to customers located outside the jurisdiction of the Yakama  
30 Nation, and authority for unannounced inspection by the state of  
31 tribal retailers to verify compliance with stamping and pricing  
32 provisions.

33 (b) Information received by the state or open to state review  
34 under the terms of the agreement is subject to RCW 82.32.330.

35 (14) The agreement must provide for resolution of disputes using  
36 a nonjudicial process, such as mediation, and establish a dispute  
37 resolution protocol that includes the following elements:

38 (a) A procedure for notifying the other party that a violation  
39 has occurred;

1 (b) A procedure for establishing whether a violation has in fact  
2 occurred;

3 (c) An opportunity to correct the violation;

4 (d) A procedure for terminating the agreement in the event of a  
5 failure to correct the violation, such termination subject to  
6 mediation should the terms of the agreement so allow; and

7 (e) Termination of the agreement for cause.

8 (15) The agreement may not include any provisions that impact the  
9 state's share of the master settlement agreement or concern  
10 redistribution of the state's proceeds under the master settlement  
11 agreement.

12 (16) The department of revenue may share with the Yakama Nation  
13 tax information under RCW 82.32.330 that is necessary for the Yakama  
14 Nation's compliance with the agreement.

15 **Sec. 18.** RCW 43.06.490 and 2015 c 207 s 2 are each amended to  
16 read as follows:

17 (1) The governor may enter into agreements with federally  
18 recognized Indian tribes concerning marijuana. Marijuana agreements  
19 may address any marijuana-related issue that involves both state and  
20 tribal interests or otherwise has an impact on tribal-state  
21 relations. Such agreements may include, but are not limited to, the  
22 following provisions and subject matter:

23 (a) Criminal and civil law enforcement;

24 (b) Regulatory issues related to the commercial production,  
25 processing, sale, and possession of marijuana, and processed  
26 marijuana products, for both recreational and medical purposes;

27 (c) Medical and pharmaceutical research involving marijuana;

28 (d) Taxation in accordance with subsection (2) of this section;

29 (e) Any tribal immunities or preemption of state law regarding  
30 the production, processing, or marketing of marijuana; and

31 (f) Dispute resolution, including the use of mediation or other  
32 nonjudicial process.

33 (2)(a) Each marijuana agreement adopted under this section must  
34 provide for a tribal marijuana tax that is at least one hundred  
35 percent of the state marijuana excise tax imposed under RCW 69.50.535  
36 and state and local sales and use taxes on sales of marijuana.  
37 Marijuana agreements apply to sales in which tribes, tribal  
38 enterprises, or tribal member-owned businesses (i) deliver or cause  
39 delivery to be made to or receive delivery from a marijuana producer,

1 processor, or retailer licensed under chapter 69.50 RCW or (ii)  
2 physically transfer possession of the marijuana from the seller to  
3 the buyer within Indian country.

4 (b) The tribe may allow an exemption from tax for sales to the  
5 tribe, tribal enterprises, tribal member-owned businesses, or tribal  
6 members(~~(+,+)~~), on marijuana grown, produced, or processed within its  
7 Indian country, or for activities to the extent they are exempt under  
8 state or federal law from the state marijuana excise tax imposed  
9 under RCW 69.50.535 or state and local sales or use taxes on sales of  
10 marijuana. Medical marijuana products used in the course of medical  
11 treatments by a clinic, hospital, or similar facility owned and  
12 operated by a federally recognized Indian tribe within its Indian  
13 country may be exempted from tax under the terms of an agreement  
14 entered into under this section.

15 (3) Any marijuana agreement relating to the production,  
16 processing, and sale of marijuana in Indian country, whether for  
17 recreational or medical purposes, must address the following issues:

18 (a) Preservation of public health and safety;

19 (b) Ensuring the security of production, processing, retail, and  
20 research facilities; and

21 (c) Cross-border commerce in marijuana.

22 (4) The governor may delegate the power to negotiate marijuana  
23 agreements to the Washington state liquor (~~(control)~~) and cannabis  
24 board. In conducting such negotiations, the Washington state liquor  
25 (~~(control)~~) and cannabis board must, when necessary, consult with the  
26 governor and/or the department of revenue.

27 (5) The definitions in this subsection apply throughout this  
28 section unless the context clearly requires otherwise.

29 (a) "Indian country" has the same meaning as in RCW 82.24.010.

30 (b) "Indian tribe" or "tribe" means a federally recognized Indian  
31 tribe located within the geographical boundaries of the state of  
32 Washington.

33 (c) "Marijuana" means "marijuana," "marijuana concentrates,"  
34 "marijuana-infused products," and "useable marijuana," as those terms  
35 are defined in RCW 69.50.101.

36 **Sec. 19.** RCW 43.42A.010 and 2014 c 68 s 2 are each amended to  
37 read as follows:

38 The definitions in this section apply throughout this chapter  
39 unless the context clearly requires otherwise.

- 1 (1) "Agency" means the following executive branch agencies and  
2 offices of statewide elected officials:
- 3 (a) Department of agriculture;
  - 4 (b) Department of archaeology and historic preservation;
  - 5 (c) Department of ecology;
  - 6 (d) Department of fish and wildlife;
  - 7 (e) Gambling commission;
  - 8 (f) Department of health;
  - 9 (g) Department of labor and industries;
  - 10 (h) Department of licensing;
  - 11 (i) Washington state liquor ((control)) and cannabis board;
  - 12 (j) Department of natural resources;
  - 13 (k) Parks and recreation commission;
  - 14 (l) Department of revenue;
  - 15 (m) Department of transportation; and
  - 16 (n) Utilities and transportation commission.
- 17 (2) "Office" means the office of regulatory assistance.

18 **Sec. 20.** RCW 66.04.010 and 2015 c 193 s 3 are each amended to  
19 read as follows:

20 In this title, unless the context otherwise requires:

21 (1) "Alcohol" is that substance known as ethyl alcohol, hydrated  
22 oxide of ethyl, or spirit of wine, which is commonly produced by the  
23 fermentation or distillation of grain, starch, molasses, or sugar, or  
24 other substances including all dilutions and mixtures of this  
25 substance. The term "alcohol" does not include alcohol in the  
26 possession of a manufacturer or distiller of alcohol fuel, as  
27 described in RCW 66.12.130, which is intended to be denatured and  
28 used as a fuel for use in motor vehicles, farm implements, and  
29 machines or implements of husbandry.

30 (2) "Authorized representative" means a person who:

31 (a) Is required to have a federal basic permit issued pursuant to  
32 the federal alcohol administration act, 27 U.S.C. Sec. 204;

33 (b) Has its business located in the United States outside of the  
34 state of Washington;

35 (c) Acquires ownership of beer or wine for transportation into  
36 and resale in the state of Washington; and which beer or wine is  
37 produced by a brewery or winery in the United States outside of the  
38 state of Washington; and

1 (d) Is appointed by the brewery or winery referenced in (c) of  
2 this subsection as its authorized representative for marketing and  
3 selling its products within the United States in accordance with a  
4 written agreement between the authorized representative and such  
5 brewery or winery pursuant to this title.

6 (3) "Beer" means any malt beverage, flavored malt beverage, or  
7 malt liquor as these terms are defined in this chapter.

8 (4) "Beer distributor" means a person who buys beer from a  
9 domestic brewery, microbrewery, beer certificate of approval holder,  
10 or beer importers, or who acquires foreign produced beer from a  
11 source outside of the United States, for the purpose of selling the  
12 same pursuant to this title, or who represents such brewer or brewery  
13 as agent.

14 (5) "Beer importer" means a person or business within Washington  
15 who purchases beer from a beer certificate of approval holder or who  
16 acquires foreign produced beer from a source outside of the United  
17 States for the purpose of selling the same pursuant to this title.

18 (6) "Board" means the Washington state liquor ((control)) and  
19 cannabis board, constituted under this title.

20 (7) "Brewer" or "brewery" means any person engaged in the  
21 business of manufacturing beer and malt liquor. Brewer includes a  
22 brand owner of malt beverages who holds a brewer's notice with the  
23 federal bureau of alcohol, tobacco, and firearms at a location  
24 outside the state and whose malt beverage is contract-produced by a  
25 licensed in-state brewery, and who may exercise within the state,  
26 under a domestic brewery license, only the privileges of storing,  
27 selling to licensed beer distributors, and exporting beer from the  
28 state.

29 (8) "Club" means an organization of persons, incorporated or  
30 unincorporated, operated solely for fraternal, benevolent,  
31 educational, athletic, or social purposes, and not for pecuniary  
32 gain.

33 (9) "Confection" means a preparation of sugar, honey, or other  
34 natural or artificial sweeteners in combination with chocolate,  
35 fruits, nuts, dairy products, or flavorings, in the form of bars,  
36 drops, or pieces.

37 (10) "Consume" includes the putting of liquor to any use, whether  
38 by drinking or otherwise.



1 (11) "Contract liquor store" means a business that sells liquor  
2 on behalf of the board through a contract with a contract liquor  
3 store manager.

4 (12) "Craft distillery" means a distillery that pays the reduced  
5 licensing fee under RCW 66.24.140.

6 (13) "Dentist" means a practitioner of dentistry duly and  
7 regularly licensed and engaged in the practice of his or her  
8 profession within the state pursuant to chapter 18.32 RCW.

9 (14) "Distiller" means a person engaged in the business of  
10 distilling spirits.

11 (15) "Domestic brewery" means a place where beer and malt liquor  
12 are manufactured or produced by a brewer within the state.

13 (16) "Domestic winery" means a place where wines are manufactured  
14 or produced within the state of Washington.

15 (17) "Drug store" means a place whose principal business is, the  
16 sale of drugs, medicines, and pharmaceutical preparations and  
17 maintains a regular prescription department and employs a registered  
18 pharmacist during all hours the drug store is open.

19 (18) "Druggist" means any person who holds a valid certificate  
20 and is a registered pharmacist and is duly and regularly engaged in  
21 carrying on the business of pharmaceutical chemistry pursuant to  
22 chapter 18.64 RCW.

23 (19) "Employee" means any person employed by the board.

24 (20) "Flavored malt beverage" means:

25 (a) A malt beverage containing six percent or less alcohol by  
26 volume to which flavoring or other added nonbeverage ingredients are  
27 added that contain distilled spirits of not more than forty-nine  
28 percent of the beverage's overall alcohol content; or

29 (b) A malt beverage containing more than six percent alcohol by  
30 volume to which flavoring or other added nonbeverage ingredients are  
31 added that contain distilled spirits of not more than one and  
32 one-half percent of the beverage's overall alcohol content.

33 (21) "Fund" means 'liquor revolving fund.'

34 (22) "Hotel" means buildings, structures, and grounds, having  
35 facilities for preparing, cooking, and serving food, that are kept,  
36 used, maintained, advertised, or held out to the public to be a place  
37 where food is served and sleeping accommodations are offered for pay  
38 to transient guests, in which twenty or more rooms are used for the  
39 sleeping accommodation of such transient guests. The buildings,

1 structures, and grounds must be located on adjacent property either  
2 owned or leased by the same person or persons.

3 (23) "Importer" means a person who buys distilled spirits from a  
4 distillery outside the state of Washington and imports such  
5 spirituous liquor into the state for sale to the board or for export.

6 (24) "Imprisonment" means confinement in the county jail.

7 (25) "Liquor" includes the four varieties of liquor herein  
8 defined (alcohol, spirits, wine, and beer), and all fermented,  
9 spirituous, vinous, or malt liquor, or combinations thereof, and  
10 mixed liquor, a part of which is fermented, spirituous, vinous or  
11 malt liquor, or otherwise intoxicating; and every liquid or solid or  
12 semisolid or other substance, patented or not, containing alcohol,  
13 spirits, wine, or beer, and all drinks or drinkable liquids and all  
14 preparations or mixtures capable of human consumption, and any  
15 liquid, semisolid, solid, or other substance, which contains more  
16 than one percent of alcohol by weight shall be conclusively deemed to  
17 be intoxicating. Liquor does not include confections or food products  
18 that contain one percent or less of alcohol by weight.

19 (26) "Malt beverage" or "malt liquor" means any beverage such as  
20 beer, ale, lager beer, stout, and porter obtained by the alcoholic  
21 fermentation of an infusion or decoction of pure hops, or pure  
22 extract of hops and pure barley malt or other wholesome grain or  
23 cereal in pure water containing not more than eight percent of  
24 alcohol by weight, and not less than one-half of one percent of  
25 alcohol by volume. For the purposes of this title, any such beverage  
26 containing more than eight percent of alcohol by weight shall be  
27 referred to as "strong beer."

28 (27) "Manufacturer" means a person engaged in the preparation of  
29 liquor for sale, in any form whatsoever.

30 (28) "Nightclub" means an establishment that provides  
31 entertainment and has as its primary source of revenue (a) the sale  
32 of alcohol for consumption on the premises, (b) cover charges, or (c)  
33 both.

34 (29) "Package" means any container or receptacle used for holding  
35 liquor.

36 (30) "Passenger vessel" means any boat, ship, vessel, barge, or  
37 other floating craft of any kind carrying passengers for  
38 compensation.

39 (31) "Permit" means a permit for the purchase of liquor under  
40 this title.

1 (32) "Person" means an individual, copartnership, association, or  
2 corporation.

3 (33) "Physician" means a medical practitioner duly and regularly  
4 licensed and engaged in the practice of his or her profession within  
5 the state pursuant to chapter 18.71 RCW.

6 (34) "Powdered alcohol" means any powder or crystalline substance  
7 containing alcohol that is produced for direct use or reconstitution.

8 (35) "Prescription" means a memorandum signed by a physician and  
9 given by him or her to a patient for the obtaining of liquor pursuant  
10 to this title for medicinal purposes.

11 (36) "Public place" includes streets and alleys of incorporated  
12 cities and towns; state or county or township highways or roads;  
13 buildings and grounds used for school purposes; public dance halls  
14 and grounds adjacent thereto; those parts of establishments where  
15 beer may be sold under this title, soft drink establishments, public  
16 buildings, public meeting halls, lobbies, halls and dining rooms of  
17 hotels, restaurants, theatres, stores, garages and filling stations  
18 which are open to and are generally used by the public and to which  
19 the public is permitted to have unrestricted access; railroad trains,  
20 stages, and other public conveyances of all kinds and character, and  
21 the depots and waiting rooms used in conjunction therewith which are  
22 open to unrestricted use and access by the public; publicly owned  
23 bathing beaches, parks, and/or playgrounds; and all other places of  
24 like or similar nature to which the general public has unrestricted  
25 right of access, and which are generally used by the public.

26 (37) "Regulations" means regulations made by the board under the  
27 powers conferred by this title.

28 (38) "Restaurant" means any establishment provided with special  
29 space and accommodations where, in consideration of payment, food,  
30 without lodgings, is habitually furnished to the public, not  
31 including drug stores and soda fountains.

32 (39) "Sale" and "sell" include exchange, barter, and traffic; and  
33 also include the selling or supplying or distributing, by any means  
34 whatsoever, of liquor, or of any liquid known or described as beer or  
35 by any name whatever commonly used to describe malt or brewed liquor  
36 or of wine, by any person to any person; and also include a sale or  
37 selling within the state to a foreign consignee or his or her agent  
38 in the state. "Sale" and "sell" shall not include the giving, at no  
39 charge, of a reasonable amount of liquor by a person not licensed by  
40 the board to a person not licensed by the board, for personal use

1 only. "Sale" and "sell" also does not include a raffle authorized  
2 under RCW 9.46.0315(~~(: PROVIDED, That)~~) if the nonprofit organization  
3 conducting the raffle has obtained the appropriate permit from the  
4 board.

5 (40) "Service bar" means a fixed or portable table, counter,  
6 cart, or similar workstation primarily used to prepare, mix, serve,  
7 and sell alcohol that is picked up by employees or customers.  
8 Customers may not be seated or allowed to consume food or alcohol at  
9 a service bar.

10 (41) "Soda fountain" means a place especially equipped with  
11 apparatus for the purpose of dispensing soft drinks, whether mixed or  
12 otherwise.

13 (42) "Spirits" means any beverage which contains alcohol obtained  
14 by distillation, except flavored malt beverages, but including wines  
15 exceeding twenty-four percent of alcohol by volume.

16 (43) "Store" means a state liquor store established under this  
17 title.

18 (44) "Tavern" means any establishment with special space and  
19 accommodation for sale by the glass and for consumption on the  
20 premises, of beer, as herein defined.

21 (45) "VIP airport lounge" means an establishment within an  
22 international airport located beyond security checkpoints that  
23 provides a special space to sit, relax, read, work, and enjoy  
24 beverages where access is controlled by the VIP airport lounge  
25 operator and is generally limited to the following classifications of  
26 persons:

27 (a) Airline passengers of any age whose admission is based on a  
28 first-class, executive, or business class ticket;

29 (b) Airline passengers of any age who are qualified members or  
30 allowed guests of certain frequent flyer or other loyalty incentive  
31 programs maintained by airlines that have agreements describing the  
32 conditions for access to the VIP airport lounge;

33 (c) Airline passengers of any age who are qualified members or  
34 allowed guests of certain enhanced amenities programs maintained by  
35 companies that have agreements describing the conditions for access  
36 to the VIP airport lounge;

37 (d) Airport and airline employees, government officials, foreign  
38 dignitaries, and other attendees of functions held by the airport  
39 authority or airlines related to the promotion of business objectives  
40 such as increasing international air traffic and enhancing foreign

1 trade where access to the VIP airport lounge will be controlled by  
2 the VIP airport lounge operator; and

3 (e) Airline passengers of any age or airline employees whose  
4 admission is based on a pass issued or permission given by the  
5 airline for access to the VIP airport lounge.

6 (46) "VIP airport lounge operator" means an airline, port  
7 district, or other entity operating a VIP airport lounge that: Is  
8 accountable for compliance with the alcohol beverage control act  
9 under this title; holds the license under chapter 66.24 RCW issued to  
10 the VIP airport lounge; and provides a point of contact for  
11 addressing any licensing and enforcement by the board.

12 (47)(a) "Wine" means any alcoholic beverage obtained by  
13 fermentation of fruits (grapes, berries, apples, et cetera) or other  
14 agricultural product containing sugar, to which any saccharine  
15 substances may have been added before, during or after fermentation,  
16 and containing not more than twenty-four percent of alcohol by  
17 volume, including sweet wines fortified with wine spirits, such as  
18 port, sherry, muscatel, and angelica, not exceeding twenty-four  
19 percent of alcohol by volume and not less than one-half of one  
20 percent of alcohol by volume. For purposes of this title, any  
21 beverage containing no more than fourteen percent of alcohol by  
22 volume when bottled or packaged by the manufacturer shall be referred  
23 to as "table wine," and any beverage containing alcohol in an amount  
24 more than fourteen percent by volume when bottled or packaged by the  
25 manufacturer shall be referred to as "fortified wine." However,  
26 "fortified wine" shall not include: (i) Wines that are both sealed or  
27 capped by cork closure and aged two years or more; and (ii) wines  
28 that contain more than fourteen percent alcohol by volume solely as a  
29 result of the natural fermentation process and that have not been  
30 produced with the addition of wine spirits, brandy, or alcohol.

31 (b) This subsection shall not be interpreted to require that any  
32 wine be labeled with the designation "table wine" or "fortified  
33 wine."

34 (48) "Wine distributor" means a person who buys wine from a  
35 domestic winery, wine certificate of approval holder, or wine  
36 importer, or who acquires foreign produced wine from a source outside  
37 of the United States, for the purpose of selling the same not in  
38 violation of this title, or who represents such vintner or winery as  
39 agent.

1 (49) "Wine importer" means a person or business within Washington  
2 who purchases wine from a wine certificate of approval holder or who  
3 acquires foreign produced wine from a source outside of the United  
4 States for the purpose of selling the same pursuant to this title.

5 (50) "Winery" means a business conducted by any person for the  
6 manufacture of wine for sale, other than a domestic winery.

7 **Sec. 21.** RCW 66.08.020 and 2012 c 2 s 202 are each amended to  
8 read as follows:

9 The administration of this title is vested in the Washington  
10 state liquor (~~control~~) and cannabis board, constituted under this  
11 title.

12 **Sec. 22.** RCW 66.08.022 and 2012 c 117 s 267 are each amended to  
13 read as follows:

14 The attorney general shall be the general counsel of the (~~liquor~~  
15 ~~control~~) board and he or she shall institute and prosecute all  
16 actions and proceedings which may be necessary in the enforcement and  
17 carrying out of the provisions of this chapter and this title.

18 He or she shall assign such assistants as may be necessary to the  
19 exclusive duty of assisting the (~~liquor control~~) board in the  
20 enforcement of this title.

21 **Sec. 23.** RCW 66.08.026 and 2012 c 2 s 203 are each amended to  
22 read as follows:

23 Administrative expenses of the board must be appropriated and  
24 paid from the liquor revolving fund. These administrative expenses  
25 include, but (~~not be [are not]~~) are not limited to: The salaries  
26 and expenses of the board and its employees, legal services, pilot  
27 projects, annual or other audits, and other general costs of  
28 conducting the business of the board. The administrative expenses do  
29 not include those amounts distributed pursuant to RCW 66.08.180,  
30 66.08.190, 66.08.200, or 66.08.210. Agency commissions for contract  
31 liquor stores must be established by the (~~liquor control~~) board  
32 after consultation with and approval by the director of the office of  
33 financial management. All expenditures and payment of obligations  
34 authorized by this section are subject to the allotment requirements  
35 of chapter 43.88 RCW.

1       **Sec. 24.** RCW 66.08.030 and 2014 c 63 s 2 are each amended to  
2 read as follows:

3       The power of the board to make regulations under chapter 34.05  
4 RCW extends to:

5       (1) Prescribing the duties of the employees of the board, and  
6 regulating their conduct in the discharge of their duties;

7       (2) Prescribing an official seal and official labels and stamps  
8 and determining the manner in which they must be attached to every  
9 package of liquor sold or sealed under this title, including the  
10 prescribing of different official seals or different official labels  
11 for different classes of liquor;

12       (3) Prescribing forms to be used for purposes of this title or  
13 the regulations, and the terms and conditions to be contained in  
14 permits and licenses issued under this title, and the qualifications  
15 for receiving a permit or license issued under this title, including  
16 a criminal history record information check. The board may submit the  
17 criminal history record information check to the Washington state  
18 patrol and to the identification division of the federal bureau of  
19 investigation in order that these agencies may search their records  
20 for prior arrests and convictions of the individual or individuals  
21 who filled out the forms. The board must require fingerprinting of  
22 any applicant whose criminal history record information check is  
23 submitted to the federal bureau of investigation;

24       (4) Prescribing the fees payable in respect of permits and  
25 licenses issued under this title for which no fees are prescribed in  
26 this title, and prescribing the fees for anything done or permitted  
27 to be done under the regulations;

28       (5) Prescribing the kinds and quantities of liquor which may be  
29 kept on hand by the holder of a special permit for the purposes named  
30 in the permit, regulating the manner in which the same is kept and  
31 disposed of, and providing for the inspection of the same at any time  
32 at the instance of the board;

33       (6) Regulating the sale of liquor kept by the holders of licenses  
34 which entitle the holder to purchase and keep liquor for sale;

35       (7) Prescribing the records of purchases or sales of liquor kept  
36 by the holders of licenses, and the reports to be made thereon to the  
37 board, and providing for inspection of the records so kept;

38       (8) Prescribing the kinds and quantities of liquor for which a  
39 prescription may be given, and the number of prescriptions which may  
40 be given to the same patient within a stated period;

1 (9) Prescribing the manner of giving and serving notices required  
2 by this title or the regulations, where not otherwise provided for in  
3 this title;

4 (10) Regulating premises in which liquor is kept for export from  
5 the state, or from which liquor is exported, prescribing the books  
6 and records to be kept therein and the reports to be made thereon to  
7 the board, and providing for the inspection of the premises and the  
8 books, records and the liquor so kept;

9 (11) Prescribing the conditions and qualifications requisite for  
10 the obtaining of club licenses and the books and records to be kept  
11 and the returns to be made by clubs, prescribing the manner of  
12 licensing clubs in any municipality or other locality, and providing  
13 for the inspection of clubs;

14 (12) Prescribing the conditions, accommodations, and  
15 qualifications requisite for the obtaining of licenses to sell beer,  
16 wines, and spirits, and regulating the sale of beer, wines, and  
17 spirits thereunder;

18 (13) Specifying and regulating the time and periods when, and the  
19 manner, methods and means by which manufacturers must deliver liquor  
20 within the state; and the time and periods when, and the manner,  
21 methods and means by which liquor may lawfully be conveyed or carried  
22 within the state;

23 (14) Providing for the making of returns by brewers of their  
24 sales of beer shipped within the state, or from the state, showing  
25 the gross amount of such sales and providing for the inspection of  
26 brewers' books and records, and for the checking of the accuracy of  
27 any such returns;

28 (15) Providing for the making of returns by the wholesalers of  
29 beer whose breweries are located beyond the boundaries of the state;

30 (16) Providing for the making of returns by any other liquor  
31 manufacturers, showing the gross amount of liquor produced or  
32 purchased, the amount sold within and exported from the state, and to  
33 whom so sold or exported, and providing for the inspection of the  
34 premises of any such liquor manufacturers, their books and records,  
35 and for the checking of any such return;

36 (17) Providing for the giving of fidelity bonds by any or all of  
37 the employees of the board. However, the premiums therefor must be  
38 paid by the board;



1 (18) Providing for the shipment of liquor to any person holding a  
2 permit and residing in any unit which has, by election pursuant to  
3 this title, prohibited the sale of liquor therein;

4 (19) Prescribing methods of manufacture, conditions of  
5 sanitation, standards of ingredients, quality and identity of  
6 alcoholic beverages manufactured, sold, bottled, or handled by  
7 licensees and the board; and conducting from time to time, in the  
8 interest of the public health and general welfare, scientific studies  
9 and research relating to alcoholic beverages and the use and effect  
10 thereof;

11 (20) Seizing, confiscating and destroying all alcoholic beverages  
12 manufactured, sold or offered for sale within this state which do not  
13 conform in all respects to the standards prescribed by this title or  
14 the regulations of the board. However, nothing herein contained may  
15 be construed as authorizing the ((~~liquor~~)) board to prescribe, alter,  
16 limit or in any way change the present law as to the quantity or  
17 percentage of alcohol used in the manufacturing of wine or other  
18 alcoholic beverages;

19 (21) Monitoring and regulating the practices of license holders  
20 as necessary in order to prevent the theft and illegal trafficking of  
21 liquor pursuant to RCW 66.28.350.

22 **Sec. 25.** RCW 66.08.0501 and 1997 c 321 s 56 are each amended to  
23 read as follows:

24 The ((~~liquor control~~)) board may adopt appropriate rules pursuant  
25 to chapter 34.05 RCW for the purpose of carrying out the provisions  
26 of chapter 321, Laws of 1997.

27 **Sec. 26.** RCW 66.08.095 and 1993 c 26 s 3 are each amended to  
28 read as follows:

29 The ((~~liquor control~~)) board may provide liquor at no charge,  
30 including liquor forfeited under chapter 66.32 RCW, to recognized law  
31 enforcement agencies within the state when the law enforcement agency  
32 will be using the liquor for bona fide law enforcement training or  
33 investigation purposes.

34 **Sec. 27.** RCW 66.08.145 and 2016 sp.s. c 38 s 29 are each amended  
35 to read as follows:

36 (1) The ((~~liquor and cannabis~~)) board may issue subpoenas in  
37 connection with any investigation, hearing, or proceeding for the

1 production of books, records, and documents held under this chapter  
2 or chapters 70.155, 70.158, 70.345, 82.24, and 82.26 RCW, and books  
3 and records of common carriers as defined in RCW 81.80.010, or  
4 vehicle rental agencies relating to the transportation or possession  
5 of cigarettes or other tobacco products.

6 (2) The (~~liquor and cannabis~~) board may designate individuals  
7 authorized to sign subpoenas.

8 (3) If any person is served a subpoena from the board for the  
9 production of records, documents, and books, and fails or refuses to  
10 obey the subpoena for the production of records, documents, and books  
11 when required to do so, the person is subject to proceedings for  
12 contempt, and the board may institute contempt of court proceedings  
13 in the superior court of Thurston county or in the county in which  
14 the person resides.

15 **Sec. 28.** RCW 66.08.170 and 2017 3rd sp.s. c 1 s 978 are each  
16 amended to read as follows:

17 There shall be a fund, known as the "liquor revolving fund,"  
18 which shall consist of all license fees, permit fees, penalties,  
19 forfeitures, and all other moneys, income, or revenue received by the  
20 board. The state treasurer shall be custodian of the fund. All moneys  
21 received by the board or any employee thereof, except for change  
22 funds and an amount of petty cash as fixed by the board within the  
23 authority of law shall be deposited each day in a depository approved  
24 by the state treasurer and transferred to the state treasurer to be  
25 credited to the liquor revolving fund. (~~During the 2009-2011 fiscal~~  
26 ~~biennium, the legislature may transfer funds from the liquor~~  
27 ~~revolving account [fund] to the state general fund and may direct an~~  
28 ~~additional amount of liquor profits to be distributed to local~~  
29 ~~governments. Neither the transfer of funds nor the additional~~  
30 ~~distribution of liquor profits to local governments during the~~  
31 ~~2009-2011 fiscal biennium may reduce the excess fund distributions~~  
32 ~~that otherwise would occur under RCW 66.08.190. During the 2011-2013~~  
33 ~~fiscal biennium, the state treasurer shall transfer from the liquor~~  
34 ~~revolving fund to the state general fund forty-two million five~~  
35 ~~hundred thousand dollars for fiscal year 2012 and forty-two million~~  
36 ~~five hundred thousand dollars for fiscal year 2013. The transfer~~  
37 ~~during the 2011-2013 fiscal biennium may not reduce the excess fund~~  
38 ~~distributions that otherwise would occur under RCW 66.08.190. Sales~~  
39 ~~to licensees are exempt from any liquor price increases that may~~

1 ~~result from the transfer of funds from the liquor revolving fund to~~  
2 ~~the state general fund during the 2011-2013 fiscal biennium.))~~  
3 Disbursements from the revolving fund shall be on authorization of  
4 the board or a duly authorized representative thereof. During the  
5 2017-2019 fiscal biennium, the legislature may also appropriate from  
6 the account for local government studies. In order to maintain an  
7 effective expenditure and revenue control the liquor revolving fund  
8 shall be subject in all respects to chapter 43.88 RCW but no  
9 appropriation shall be required to permit expenditures and payment of  
10 obligations from such fund. (~~During the 2013-2015 and 2015-2017~~  
11 ~~fiscal biennia, the legislature may transfer from the liquor~~  
12 ~~revolving fund to the state general fund such amounts as reflect the~~  
13 ~~excess fund balance of the account.))~~

14 **Sec. 29.** RCW 66.12.130 and 1981 c 179 s 1 are each amended to  
15 read as follows:

16 Nothing in this title shall apply to or prevent the sale,  
17 importation, purchase, production, or blending of alcohol used solely  
18 for fuel to be used in motor vehicles, farm implements, and machines  
19 or implements of husbandry or in combination with gasoline or other  
20 petroleum products for use as such fuel. Manufacturers and distillers  
21 of such alcohol fuel are not required to obtain a license under this  
22 title. Alcohol which is produced for use as fuel shall be denatured  
23 in accordance with a formula approved by the federal bureau of  
24 alcohol, tobacco and firearms prior to the removal of the alcohol  
25 from the premises as described in the approved federal permit  
26 application(~~(: PROVIDED, That)~~). However, alcohol which is being  
27 transferred between plants involved in the distillation or  
28 manufacture of alcohol fuel need not be denatured if it is  
29 transferred in accordance with federal bureau of alcohol, tobacco and  
30 firearms regulation 27 C.F.R. 19.996 as existing on July 26, 1981.  
31 The exemptions (~~from the state liquor control laws~~) provided by  
32 this section only apply to distillers and manufacturers of alcohol to  
33 be used solely for fuel as long as the manufacturers and distillers  
34 are the holders of an appropriate permit issued under federal law.

35 **Sec. 30.** RCW 66.20.300 and 2014 c 78 s 2 and 2014 c 29 s 2 are  
36 each reenacted and amended to read as follows:

37 Unless the context clearly requires otherwise, the definitions in  
38 this section apply throughout RCW 66.20.310 through 66.20.350.

1 (1) "Alcohol" has the same meaning as "liquor" in RCW 66.04.010.

2 (2) "Alcohol server" means any person who as part of his or her  
3 employment participates in the sale or service of alcoholic beverages  
4 for (~~on-premise [on-premises]~~) on-premises consumption at a retail  
5 licensed premise as a regular requirement of his or her employment,  
6 and includes those persons eighteen years of age or older permitted  
7 by the liquor laws of this state to serve alcoholic beverages with  
8 meals.

9 (~~(3) ("Board" means the Washington state liquor control board.~~

10 ~~(4))~~) "Training entity" means any liquor licensee associations,  
11 independent contractors, private persons, and private or public  
12 schools, that have been certified by the board.

13 (~~(5))~~) (4) "Retail licensed premises" means any:

14 (a) Premises licensed to sell alcohol by the glass or by the  
15 drink, or in original containers primarily for consumption on the  
16 premises as authorized by RCW 66.24.320, 66.24.330, 66.24.350,  
17 66.24.400, 66.24.425, 66.24.450, 66.24.570, 66.24.610, (~~and~~)  
18 66.24.680, and 66.24.690;

19 (b) Distillery licensed pursuant to RCW 66.24.140 that is  
20 authorized to serve samples of its own production;

21 (c) Facility established by a domestic winery for serving and  
22 selling wine pursuant to RCW 66.24.170(4); and

23 (d) Grocery store licensed under RCW 66.24.360, but only with  
24 respect to employees whose duties include serving during tasting  
25 activities under RCW 66.24.363.

26 **Sec. 31.** RCW 66.20.370 and 2006 c 49 s 3 are each amended to  
27 read as follows:

28 (1) An applicant for a wine shipper's permit under RCW 66.20.365  
29 must:

30 (a) Operate a winery located in the United States;

31 (b) Provide the board a copy of its valid license to manufacture  
32 wine issued by another state;

33 (c) Certify that it holds all state and federal licenses and  
34 permits necessary to operate a winery; and

35 (d) Register with the department of revenue under RCW 82.32.030.

36 (2) Holders of a winery certificate of approval under RCW  
37 66.24.206(1)(a) are deemed to hold a wine shipper's permit without  
38 further application or fee, if the holder meets all requirements for  
39 a wine shipper's permit. A winery certificate of approval holder who

1 wants to ship wine under its wine shipper's permit privilege must  
2 notify the (~~liquor control~~) board in a manner determined by the  
3 board before shipping any wine to a Washington consumer.

4 (3) Holders of a wine shipper's permit must:

5 (a) Pay the tax under RCW 66.24.210 for sales of wine to  
6 Washington state residents; and

7 (b) Collect and remit to the department of revenue all applicable  
8 state and local sales and use taxes imposed by or under the authority  
9 of chapters 82.08, 82.12, and 82.14 RCW on all sales of wine  
10 delivered to buyers in this state, regardless of whether the permit  
11 holder has a physical presence in this state.

12 **Sec. 32.** RCW 66.24.010 and 2012 c 39 s 4 are each amended to  
13 read as follows:

14 (1) Every license must be issued in the name of the applicant,  
15 and the holder thereof may not allow any other person to use the  
16 license.

17 (2) For the purpose of considering any application for a license,  
18 or the renewal of a license, the board may cause an inspection of the  
19 premises to be made, and may inquire into all matters in connection  
20 with the construction and operation of the premises. For the purpose  
21 of reviewing any application for a license and for considering the  
22 denial, suspension, revocation, or renewal or denial thereof, of any  
23 license, the (~~liquor control~~) board may consider any prior criminal  
24 conduct of the applicant including an administrative violation  
25 history record with the board and a criminal history record  
26 information check. The board may submit the criminal history record  
27 information check to the Washington state patrol and to the  
28 identification division of the federal bureau of investigation in  
29 order that these agencies may search their records for prior arrests  
30 and convictions of the individual or individuals who filled out the  
31 forms. The board must require fingerprinting of any applicant whose  
32 criminal history record information check is submitted to the federal  
33 bureau of investigation. The provisions of RCW 9.95.240 and of  
34 chapter 9.96A RCW do not apply to such cases. Subject to the  
35 provisions of this section, the board may, in its discretion, grant  
36 or deny the renewal or license applied for. Denial may be based on,  
37 without limitation, the existence of chronic illegal activity  
38 documented in objections submitted pursuant to subsections (8)(d) and  
39 (12) of this section. Authority to approve an uncontested or

1 unopposed license may be granted by the board to any staff member the  
2 board designates in writing. Conditions for granting such authority  
3 must be adopted by rule. No retail license of any kind may be issued  
4 to:

5 (a) A person doing business as a sole proprietor who has not  
6 resided in the state for at least one month prior to receiving a  
7 license, except in cases of licenses issued to dining places on  
8 railroads, boats, or aircraft;

9 (b) A copartnership, unless all of the members thereof are  
10 qualified to obtain a license, as provided in this section;

11 (c) A person whose place of business is conducted by a manager or  
12 agent, unless such manager or agent possesses the same qualifications  
13 required of the licensee;

14 (d) A corporation or a limited liability company, unless it was  
15 created under the laws of the state of Washington or holds a  
16 certificate of authority to transact business in the state of  
17 Washington.

18 (3) (a) The board may, in its discretion, subject to the  
19 provisions of RCW 66.08.150, suspend or cancel any license; and all  
20 rights of the licensee to keep or sell liquor thereunder must be  
21 suspended or terminated, as the case may be.

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

31 (c) Upon written notification by the department of revenue in  
32 accordance with RCW 82.08.155 that a person is more than thirty days  
33 delinquent in reporting or remitting spirits taxes to the department,  
34 the board must suspend all spirits licenses held by that person. The  
35 board must also refuse to renew any existing spirits license of, or  
36 issue any new spirits license to, the person or any other applicant  
37 controlled directly or indirectly by that person. The board may not  
38 reinstate a person's spirits license or renew or issue a new spirits  
39 license to that person, or an applicant controlled directly or  
40 indirectly by that person, until such time as the department of

1 revenue notifies the board that the person is current in reporting  
2 and remitting spirits taxes or that the department consents to the  
3 reinstatement or renewal of the person's spirits license or the  
4 issuance of a new spirits license to the person. For purposes of this  
5 section: (i) "Spirits license" means any license issued by the board  
6 under the authority of this chapter that authorizes the licensee to  
7 sell spirits; and (ii) "spirits taxes" has the same meaning as in RCW  
8 82.08.155.

9 (d) The board may request the appointment of administrative law  
10 judges under chapter 34.12 RCW who must have power to administer  
11 oaths, issue subpoenas for the attendance of witnesses and the  
12 production of papers, books, accounts, documents, and testimony,  
13 examine witnesses, and to receive testimony in any inquiry,  
14 investigation, hearing, or proceeding in any part of the state, under  
15 such rules and regulations as the board may adopt.

16 (e) Witnesses are allowed fees and mileage each way to and from  
17 any such inquiry, investigation, hearing, or proceeding at the rate  
18 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 (f) In case of disobedience of any person to comply with the  
22 order of the board or a subpoena issued by the board, or any of its  
23 members, or administrative law judges, or on the refusal of a witness  
24 to testify to any matter regarding which he or she may be lawfully  
25 interrogated, the judge of the superior court of the county in which  
26 the person resides, on application of any member of the board or  
27 administrative law judge, must compel 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 (4) 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 vendors in the  
35 city or place where the licensee has its premises of the suspension  
36 or cancellation of the license; and no employee may allow or cause  
37 any liquor to be delivered to or for any person at the premises of  
38 that licensee.

39 (5) (a) At the time of the original issuance of a spirits, beer,  
40 and wine restaurant license, the board must prorate the license fee

1 charged to the new licensee according to the number of calendar  
2 quarters, or portion thereof, remaining until the first renewal of  
3 that license is required.

4 (b) Unless sooner canceled, every license issued by the board  
5 must expire at midnight of the thirtieth day of June of the fiscal  
6 year for which it was issued. However, if the board deems it feasible  
7 and desirable to do so, it may establish, by rule pursuant to chapter  
8 34.05 RCW, a system for staggering the annual renewal dates for any  
9 and all licenses authorized by this chapter. If such a system of  
10 staggered annual renewal dates is established by the board, the  
11 license fees provided by this chapter must be appropriately prorated  
12 during the first year that the system is in effect.

13 (6) Every license issued under this section is subject to all  
14 conditions and restrictions imposed by this title or by rules adopted  
15 by the board. All conditions and restrictions imposed by the board in  
16 the issuance of an individual license may be listed on the face of  
17 the individual license along with the trade name, address, and  
18 expiration date. Conditions and restrictions imposed by the board may  
19 also be included in official correspondence separate from the  
20 license. All spirits licenses are subject to the condition that the  
21 spirits license holder must report and remit to the department of  
22 revenue all spirits taxes by the date due.

23 (7) Every licensee must post and keep posted its license, or  
24 licenses, and any additional correspondence containing conditions and  
25 restrictions imposed by the board in a conspicuous place on the  
26 premises.

27 (8)(a) Unless (b) of this subsection applies, before the board  
28 issues a new or renewal license to an applicant it must give notice  
29 of such application to the chief executive officer of the  
30 incorporated city or town, if the application is for a license within  
31 an incorporated city or town, or to the county legislative authority,  
32 if the application is for a license outside the boundaries of  
33 incorporated cities or towns.

34 (b) If the application for a special occasion license is for an  
35 event held during a county, district, or area fair as defined by RCW  
36 15.76.120, and the county, district, or area fair is located on  
37 property owned by the county but located within an incorporated city  
38 or town, the county legislative authority must be the entity notified  
39 by the board under (a) of this subsection. The board must send a



1 duplicate notice to the incorporated city or town within which the  
2 fair is located.

3 (c) The incorporated city or town through the official or  
4 employee selected by it, or the county legislative authority or the  
5 official or employee selected by it, has the right to file with the  
6 board within twenty days after the date of transmittal of such notice  
7 for applications, or at least thirty days prior to the expiration  
8 date for renewals, written objections against the applicant or  
9 against the premises for which the new or renewal license is asked.  
10 The board may extend the time period for submitting written  
11 objections.

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

24 (e) Upon the granting of a license under this title the board  
25 must send written notification to the chief executive officer of the  
26 incorporated city or town in which the license is granted, or to the  
27 county legislative authority if the license is granted outside the  
28 boundaries of incorporated cities or towns. When the license is for a  
29 special occasion license for an event held during a county, district,  
30 or area fair as defined by RCW 15.76.120, and the county, district,  
31 or area fair is located on county-owned property but located within  
32 an incorporated city or town, the written notification must be sent  
33 to both the incorporated city or town and the county legislative  
34 authority.

35 (9) (a) Before the board issues any license to any applicant, it  
36 shall give (i) due consideration to the location of the business to  
37 be conducted under such license with respect to the proximity of  
38 churches, schools, and public institutions and (ii) written notice,  
39 with receipt verification, of the application to public institutions  
40 identified by the board as appropriate to receive such notice,

1 churches, and schools within five hundred feet of the premises to be  
2 licensed. The board may not issue a liquor license for either on-  
3 premises or off-premises consumption covering any premises not now  
4 licensed, if such premises are within five hundred feet of the  
5 premises of any tax-supported public elementary or secondary school  
6 measured along the most direct route over or across established  
7 public walks, streets, or other public passageway from the main  
8 entrance of the school to the nearest public entrance of the premises  
9 proposed for license, and if, after receipt by the school of the  
10 notice as provided in this subsection, the board receives written  
11 objection, within twenty days after receiving such notice, from an  
12 official representative or representatives of the school within five  
13 hundred feet of said proposed licensed premises, indicating to the  
14 board that there is an objection to the issuance of such license  
15 because of proximity to a school. The board may extend the time  
16 period for submitting objections. For the purpose of this section,  
17 "church" means a building erected for and used exclusively for  
18 religious worship and schooling or other activity in connection  
19 therewith. For the purpose of this section, "public institution"  
20 means institutions of higher education, parks, community centers,  
21 libraries, and transit centers.

22 (b) No liquor license may be issued or reissued by the board to  
23 any motor sports facility or licensee operating within the motor  
24 sports facility unless the motor sports facility enforces a program  
25 reasonably calculated to prevent alcohol or alcoholic beverages not  
26 purchased within the facility from entering the facility and such  
27 program is approved by local law enforcement agencies.

28 (c) It is the intent under this subsection (9) that a retail  
29 license may not be issued by the board where doing so would, in the  
30 judgment of the board, adversely affect a private school meeting the  
31 requirements for private schools under Title 28A RCW, which school is  
32 within five hundred feet of the proposed licensee. The board must  
33 fully consider and give substantial weight to objections filed by  
34 private schools. If a license is issued despite the proximity of a  
35 private school, the board must state in a letter addressed to the  
36 private school the board's reasons for issuing the license.

37 (10) The restrictions set forth in subsection (9) of this section  
38 do not prohibit the board from authorizing the assumption of existing  
39 licenses now located within the restricted area by other persons or  
40 licenses or relocations of existing licensed premises within the

1 restricted area. In no case may the licensed premises be moved closer  
2 to a church or school than it was before the assumption or  
3 relocation.

4 (11)(a) Nothing in this section prohibits the board, in its  
5 discretion, from issuing a temporary retail or distributor license to  
6 an applicant to operate the retail or distributor premises during the  
7 period the application for the license is pending. The board may  
8 establish a fee for a temporary license by rule.

9 (b) A temporary license issued by the board under this section  
10 must be for a period not to exceed sixty days. A temporary license  
11 may be extended at the discretion of the board for additional periods  
12 of sixty days upon payment of an additional fee and upon compliance  
13 with all conditions required in this section.

14 (c) Refusal by the board to issue or extend a temporary license  
15 shall not entitle the applicant to request a hearing. A temporary  
16 license may be canceled or suspended summarily at any time if the  
17 board determines that good cause for cancellation or suspension  
18 exists. RCW 66.08.130 applies to temporary licenses.

19 (d) Application for a temporary license must be on such form as  
20 the board shall prescribe. If an application for a temporary license  
21 is withdrawn before issuance or is refused by the board, the fee  
22 which accompanied such application must be refunded in full.

23 (12) 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. "Chronic  
30 illegal activity" means (a) a pervasive pattern of activity that  
31 threatens the public health, safety, and welfare of the city, town,  
32 or county including, but not limited to, open container violations,  
33 assaults, disturbances, disorderly conduct, or other criminal law  
34 violations, or as documented in crime statistics, police reports,  
35 emergency medical response data, calls for service, field data, or  
36 similar records of a law enforcement agency for the city, town,  
37 county, or any other municipal corporation or any state agency; or  
38 (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 **Sec. 33.** RCW 66.24.025 and 2002 c 119 s 4 are each amended to  
4 read as follows:

5 (1) If the board approves, a license may be transferred, without  
6 charge, to the surviving spouse only of a deceased licensee if the  
7 parties were maintaining a marital community and the license was  
8 issued in the names of one or both of the parties. For the purpose of  
9 considering the qualifications of the surviving party or parties to  
10 receive a liquor license, the (~~liquor control~~) board may require a  
11 criminal history record information check. The board may submit the  
12 criminal history record information check to the Washington state  
13 patrol and to the identification division of the federal bureau of  
14 investigation in order that these agencies may search their records  
15 for prior arrests and convictions of the individual or individuals  
16 who filled out the forms. The board shall require fingerprinting of  
17 any applicant whose criminal history record information check is  
18 submitted to the federal bureau of investigation.

19 (2) The proposed sale of more than ten percent of the outstanding  
20 and/or issued stock of a licensed corporation or any proposed change  
21 in the officers of a licensed corporation must be reported to the  
22 board, and board approval must be obtained before such changes are  
23 made. A fee of seventy-five dollars will be charged for the  
24 processing of such change of stock ownership and/or corporate  
25 officers.

26 **Sec. 34.** RCW 66.24.055 and 2013 2nd sp.s. c 12 s 1 are each  
27 amended to read as follows:

28 (1) There is a license for spirits distributors to (a) sell  
29 spirits purchased from manufacturers, distillers, or suppliers  
30 including, without limitation, licensed Washington distilleries,  
31 licensed spirits importers, other Washington spirits distributors, or  
32 suppliers of foreign spirits located outside of the United States, to  
33 spirits retailers including, without limitation, spirits retail  
34 licensees, special occasion license holders, interstate common  
35 carrier license holders, restaurant spirits retailer license holders,  
36 spirits, beer, and wine private club license holders, hotel license  
37 holders, sports entertainment facility license holders, and spirits,

1 beer, and wine nightclub license holders, and to other spirits  
2 distributors; and (b) export the same from the state.

3 ~~(2) ((By January 1, 2012, the board must issue spirits~~  
4 ~~distributor licenses to all applicants who, upon December 8, 2011,~~  
5 ~~have the right to purchase spirits from a spirits manufacturer,~~  
6 ~~spirits distiller, or other spirits supplier for resale in the state,~~  
7 ~~or are agents of such supplier authorized to sell to licensees in the~~  
8 ~~state, unless the board determines that issuance of a license to such~~  
9 ~~applicant is not in the public interest.~~

10 ~~(3)) (a) As limited by (b) of this subsection ((and subject to~~  
11 ~~(e) of this subsection)), each spirits distributor licensee must pay~~  
12 ~~to the board, for deposit into the liquor revolving fund, a license~~  
13 ~~issuance fee calculated as ((follows:~~

14 ~~(i) In each of the first twenty-seven months of licensure, ten~~  
15 ~~percent of the total revenue from all the licensee's sales of spirits~~  
16 ~~made during the month for which the fee is due, respectively; and~~

17 ~~(ii) In the twenty-eighth month of licensure and each month~~  
18 ~~thereafter,)) five percent of the total revenue from all the~~  
19 ~~licensee's sales of spirits made during the month for which the fee~~  
20 ~~is due, respectively.~~

21 (b) The fee required under this subsection ~~((3))~~ (2) is  
22 calculated only on sales of items which the licensee was the first  
23 spirits distributor in the state to have received:

24 (i) In the case of spirits manufactured in the state, from the  
25 distiller; or

26 (ii) In the case of spirits manufactured outside the state, from  
27 an authorized out-of-state supplier.

28 ~~(c) ((By March 31, 2013, all persons holding spirits distributor~~  
29 ~~licenses on or before March 31, 2013, must have paid collectively one~~  
30 ~~hundred fifty million dollars or more in spirits distributor license~~  
31 ~~fees. If the collective payment through March 31, 2013, totals less~~  
32 ~~than one hundred fifty million dollars, the board must, according to~~  
33 ~~rules adopted by the board for the purpose, collect by May 31, 2013,~~  
34 ~~as additional spirits distributor license fees the difference between~~  
35 ~~one hundred fifty million dollars and the actual receipts, allocated~~  
36 ~~among persons holding spirits distributor licenses at any time on or~~  
37 ~~before March 31, 2013, ratably according to their spirits sales made~~  
38 ~~during calendar year 2012. Any amount by which such payments exceed~~  
39 ~~one hundred fifty million dollars by March 31, 2013, must be credited~~

1 ~~to future license issuance fee obligations of spirits distributor~~  
2 ~~licensees according to rules adopted by the board.~~

3 ~~(d))~~) A retail licensee selling for resale must pay a distributor  
4 license fee under the terms and conditions in this section on resales  
5 of spirits the licensee has purchased on which no other distributor  
6 license fee has been paid. The board must establish rules setting  
7 forth the frequency and timing of such payments and reporting of  
8 sales dollar volume by the licensee, with payments due quarterly in  
9 arrears.

10 ~~((e))~~) (d) No spirits inventory may be subject to calculation of  
11 more than a single spirits distributor license issuance fee.

12 ~~((4))~~) (3) In addition to the payment set forth in subsection  
13 ~~((3))~~) (2) of this section, each spirits distributor licensee  
14 renewing its annual license must pay an annual license renewal fee of  
15 one thousand three hundred twenty dollars for each licensed location.

16 ~~((5))~~) (4) There is no minimum facility size or capacity for  
17 spirits distributor licenses, and no limit on the number of such  
18 licenses issued to qualified applicants. License applicants must  
19 provide physical security of the product that is substantially as  
20 effective as the physical security of the distribution facilities  
21 currently operated by the board with respect to preventing pilferage.  
22 License issuances and renewals are subject to RCW 66.24.010 and the  
23 regulations promulgated thereunder, including without limitation  
24 rights of cities, towns, county legislative authorities, the public,  
25 churches, schools, and public institutions to object to or prevent  
26 issuance of local liquor licenses. ~~((However, existing distributor~~  
27 ~~premises licensed to sell beer and/or wine are deemed to be premises~~  
28 ~~"now licensed" under RCW 66.24.010(9)(a) for the purpose of~~  
29 ~~processing applications for spirits distributor licenses.))~~

30 **Sec. 35.** RCW 66.24.155 and 2018 c 25 s 1 are each amended to  
31 read as follows:

32 (1) The ~~((state liquor and cannabis))~~ board must, by rule, adopt  
33 a schedule of penalties for a licensed alcohol manufacturer who has  
34 committed a violation as part of the licensee's ancillary activities.

35 (2)(a) The schedule of penalties adopted under subsection (1) of  
36 this section may include:

37 (i) The issuance of a monetary penalty;

38 (ii) The suspension, revocation, or cancellation of the  
39 licensee's ability to conduct ancillary activities; or

1 (iii) A monetary option in lieu of suspension or revocation.

2 (b) The schedule of penalties may not include the issuance of a  
3 suspension, revocation, or cancellation of an alcohol manufacturer's  
4 license and may not exceed the schedule of penalties for a similar  
5 violation committed by a retail licensee.

6 (3) For the purposes of this section, "ancillary activities"  
7 means the licensee's activities involving the public, as authorized  
8 by statute or by (~~state liquor and cannabis~~) board rule, relating  
9 to serving samples, operating a tasting room, conducting retail  
10 sales, serving alcohol under a restaurant license issued under this  
11 chapter, or serving alcohol with a special occasion license.

12 **Sec. 36.** RCW 66.24.175 and 2014 c 105 s 2 are each amended to  
13 read as follows:

14 (1) A qualifying farmers market authorized to allow wineries to  
15 sell bottled wine at retail under RCW 66.24.170 or microbreweries to  
16 sell bottled beer at retail under RCW 66.24.244, or both, may apply  
17 to the (~~liquor control~~) board for an endorsement to allow sampling  
18 of wine or beer or both. A winery or microbrewery offering samples  
19 under this section must have an endorsement from the board to sell  
20 wine or beer, as the case may be, of its own production at a  
21 qualifying farmers market under RCW 66.24.170 or 66.24.244,  
22 respectively.

23 (2) Samples may be offered only under the following conditions:

24 (a) No more than three wineries or microbreweries combined may  
25 offer samples at a qualifying farmers market per day.

26 (b) Samples must be two ounces or less. A winery or microbrewery  
27 may provide a maximum of two ounces of wine or beer to a customer per  
28 day.

29 (c) A winery or microbrewery may advertise that it offers samples  
30 only at its designated booth, stall, or other designated location at  
31 the farmers market.

32 (d) Customers must remain at the designated booth, stall, or  
33 other designated location while sampling beer or wine.

34 (e) Winery and microbrewery licensees and employees who are  
35 involved in sampling activities under this section must hold a class  
36 12 or class 13 alcohol server permit.

37 (f) A winery or microbrewery must have food available for  
38 customers to consume while sampling beer or wine, or must be adjacent  
39 to a vendor offering prepared food.

1 (3) The board may establish additional requirements to ensure  
2 that persons under twenty-one years of age and apparently intoxicated  
3 persons may not possess or consume alcohol under the authority  
4 granted in this section.

5 (4) The board may prohibit sampling at a farmers market that is  
6 within the boundaries of an alcohol impact area recognized by  
7 resolution of the board if the board finds that the sampling  
8 activities at the farmers market have an adverse effect on the  
9 reduction of chronic public inebriation in the area.

10 (5) If a winery or microbrewery is found to have committed a  
11 public safety violation in conjunction with tasting activities, the  
12 board may suspend the licensee's farmers market endorsement and not  
13 reissue the endorsement for up to two years from the date of the  
14 violation. If mitigating circumstances exist, the board may offer a  
15 monetary penalty in lieu of suspension during a settlement  
16 conference.

17 (6) For the purposes of this section, a "qualifying farmers  
18 market" has the same meaning as defined in RCW 66.24.170.

19 **Sec. 37.** RCW 66.24.185 and 2008 c 41 s 4 are each amended to  
20 read as follows:

21 (1) There shall be a license for bonded wine warehouses which  
22 shall authorize the storage and handling of bottled wine. Under this  
23 license a licensee may maintain a warehouse for the storage of wine  
24 off the premises of a winery.

25 (2) The board shall adopt similar qualifications for a bonded  
26 wine warehouse license as required for obtaining a domestic winery  
27 license as specified in RCW 66.24.010 and 66.24.170. A licensee must  
28 be a sole proprietor, a partnership, a limited liability company, or  
29 a corporation. One or more domestic wineries may operate as a  
30 partnership, corporation, business co-op, or agricultural co-op for  
31 the purposes of obtaining a bonded wine warehouse license.

32 (3) All bottled wine shipped to a bonded wine warehouse from a  
33 winery or another bonded wine warehouse shall remain under bond and  
34 no tax imposed under RCW 66.24.210 shall be due, unless the wine is  
35 removed from bond and shipped to a licensed Washington wine  
36 distributor. Wine may be removed from a bonded wine warehouse only  
37 for the purpose of being (a) exported from the state, (b) shipped to  
38 a licensed Washington wine distributor, (c) returned to a winery or



1 bonded wine warehouse, or (~~(d)~~) (d) shipped to a consumer  
2 pursuant to RCW 66.20.360 through 66.20.390.

3 (4) Warehousing of wine by any person other than (a) a licensed  
4 domestic winery or a bonded wine warehouse licensed under the  
5 provisions of this section, (b) a licensed Washington wine  
6 distributor, (c) a licensed Washington wine importer, (d) a wine  
7 certificate of approval holder (W7), or (e) the (~~liquor control~~)  
8 board, is prohibited.

9 (5) A license applicant shall hold a federal permit for a bonded  
10 wine cellar and may be required to post a continuing wine tax bond of  
11 such an amount and in such a form as may be required by the board  
12 prior to the issuance of a bonded wine warehouse license. The fee for  
13 this license shall be one hundred dollars per annum.

14 (6) The board shall adopt rules requiring a bonded wine warehouse  
15 to be physically secure, zoned for the intended use and physically  
16 separated from any other use.

17 (7) Every licensee shall submit to the board a monthly report of  
18 movement of bottled wines to and from a bonded wine warehouse in a  
19 form prescribed by the board. The board may adopt other necessary  
20 procedures by which bonded wine warehouses are licensed and  
21 regulated.

22 (8) Handling of bottled wine, as provided for in this section,  
23 includes packaging and repackaging services; bottle labeling  
24 services; creating baskets or variety packs that may or may not  
25 include nonwine products; and picking, packing, and shipping wine  
26 orders direct to consumer. A winery contracting with a bonded wine  
27 warehouse for handling bottled wine must comply with all applicable  
28 state and federal laws and shall be responsible for financial  
29 transactions in direct to consumer shipping activities.

30 **Sec. 38.** RCW 66.24.206 and 2007 c 16 s 1 are each amended to  
31 read as follows:

32 (1)(a) A United States winery located outside the state of  
33 Washington must hold a certificate of approval to allow sales and  
34 shipment of the certificate of approval holder's wine to licensed  
35 Washington wine distributors, importers, or retailers. A certificate  
36 of approval holder with a direct shipment endorsement may act as a  
37 distributor of its own production. Notwithstanding any language in  
38 this title to the contrary, a certificate of approval holder with a  
39 direct shipment endorsement may use a common carrier to deliver up to

1 one hundred cases of its own production, in the aggregate, per month  
2 to licensed Washington retailers. A certificate of approval holder  
3 may not arrange for any such common carrier shipments to licensed  
4 retailers of wine not of its own production.

5 (b) Authorized representatives must hold a certificate of  
6 approval to allow sales and shipment of United States produced wine  
7 to licensed Washington wine distributors or importers.

8 (c) Authorized representatives must also hold a certificate of  
9 approval to allow sales and shipments of foreign produced wine to  
10 licensed Washington wine distributors or importers.

11 (2) The certificate of approval shall not be granted unless and  
12 until such winery or authorized representative shall have made a  
13 written agreement with the board to furnish to the board, on or  
14 before the twentieth day of each month, a report under oath, on a  
15 form to be prescribed by the board, showing the quantity of wine sold  
16 or delivered to each licensed wine distributor, importer, or  
17 retailer, during the preceding month, and shall further have agreed  
18 with the board, that such wineries, manufacturers, or authorized  
19 representatives, and all general sales corporations or agencies  
20 maintained by them, and all of their trade representatives, shall and  
21 will faithfully comply with all laws of the state of Washington  
22 pertaining to the sale of intoxicating liquors and all rules (~~and~~  
23 ~~regulations~~) of the (~~Washington state liquor control~~) board. A  
24 violation of the terms of this agreement will cause the board to take  
25 action to suspend or revoke such certificate.

26 (3) The fee for the certificate of approval and related  
27 endorsements, issued pursuant to the provisions of this title, shall  
28 be from time to time established by the board at a level that is  
29 sufficient to defray the costs of administering the certificate of  
30 approval program. The fee shall be fixed by rule by the board in  
31 accordance with the provisions of the administrative procedure act,  
32 chapter 34.05 RCW.

33 (4) Certificate of approval holders are deemed to have consented  
34 to the jurisdiction of Washington concerning enforcement of this  
35 chapter and all laws and rules related to the sale and shipment of  
36 wine.

37 **Sec. 39.** RCW 66.24.210 and 2016 c 235 s 12 and 2016 c 225 s 1  
38 are each reenacted and amended to read as follows:

1 (1) There is hereby imposed upon all wines except cider sold to  
2 wine distributors and the (~~Washington state liquor and cannabis~~)  
3 board, within the state a tax at the rate of twenty and one-fourth  
4 cents per liter. Any domestic winery or certificate of approval  
5 holder acting as a distributor of its own production must pay taxes  
6 imposed by this section. There is hereby imposed on all cider sold to  
7 wine distributors and the (~~Washington state liquor and cannabis~~)  
8 board within the state a tax at the rate of three and fifty-nine one-  
9 hundredths cents per liter. However, wine sold or shipped in bulk  
10 from one winery to another winery is not subject to such tax.

11 (a) The tax provided for in this section shall be collected by  
12 direct payments based on wine purchased by wine distributors.

13 (b) Except as provided in subsection (7) of this section, every  
14 person purchasing wine under the provisions of this section must on  
15 or before the twentieth day of each month report to the board all  
16 purchases during the preceding calendar month in such manner and upon  
17 such forms as may be prescribed by the board, and with such report  
18 must pay the tax due from the purchases covered by such report unless  
19 the same has previously been paid. Any such purchaser of wine whose  
20 applicable tax payment is not postmarked by the twentieth day  
21 following the month of purchase will be assessed a penalty at the  
22 rate of two percent a month or fraction thereof. The board may  
23 require that every such person shall execute to and file with the  
24 board a bond to be approved by the board, in such amount as the board  
25 may fix, securing the payment of the tax. If any such person fails to  
26 pay the tax when due, the board may suspend or cancel the license  
27 until all taxes are paid.

28 (c) Any licensed retailer authorized to purchase wine from a  
29 certificate of approval holder with a direct shipment endorsement or  
30 a domestic winery must make monthly reports to the (~~liquor and~~  
31 ~~cannabis~~) board on wine purchased during the preceding calendar  
32 month in the manner and upon such forms as may be prescribed by the  
33 board.

34 (2) An additional tax is imposed equal to the rate specified in  
35 RCW 82.02.030 multiplied by the tax payable under subsection (1) of  
36 this section. All revenues collected during any month from this  
37 additional tax must be transferred to the state general fund by the  
38 twenty-fifth day of the following month.

39 (3) An additional tax is imposed on wines subject to tax under  
40 subsection (1) of this section, at the rate of one-fourth of one cent

1 per liter for wine sold after June 30, 1987. After June 30, 1996,  
2 such additional tax does not apply to cider. An additional tax of  
3 five one-hundredths of one cent per liter is imposed on cider sold  
4 after June 30, 1996. All revenues collected under this subsection (3)  
5 shall be disbursed quarterly to the Washington wine commission for  
6 use in carrying out the purposes of chapter 15.88 RCW.

7 (4) An additional tax is imposed on all wine subject to tax under  
8 subsection (1) of this section. The additional tax is equal to  
9 twenty-three and forty-four one-hundredths cents per liter on  
10 fortified wine as defined in RCW 66.04.010 when bottled or packaged  
11 by the manufacturer, one cent per liter on all other wine except  
12 cider, and eighteen one-hundredths of one cent per liter on cider.  
13 All revenues collected during any month from this additional tax  
14 shall be deposited in the state general fund by the twenty-fifth day  
15 of the following month.

16 (5)(a) An additional tax is imposed on all cider subject to tax  
17 under subsection (1) of this section. The additional tax is equal to  
18 two and four one-hundredths cents per liter of cider sold after June  
19 30, 1996, and before July 1, 1997, and is equal to four and seven  
20 one-hundredths cents per liter of cider sold after June 30, 1997.

21 (b) All revenues collected from the additional tax imposed under  
22 this subsection (5) must be deposited in the state general fund.

23 (6) For the purposes of this section, "cider" means table wine  
24 that contains not less than one-half of one percent of alcohol by  
25 volume and not more than eight and one-half percent of alcohol by  
26 volume and is made from the normal alcoholic fermentation of the  
27 juice of sound, ripe apples or pears. "Cider" includes, but is not  
28 limited to, flavored, sparkling, or carbonated cider and cider made  
29 from condensed apple or pear must.

30 (7) For the purposes of this section, out-of-state wineries must  
31 pay taxes under this section on wine sold and shipped directly to  
32 Washington state residents in a manner consistent with the  
33 requirements of a wine distributor under subsections (1) through (4)  
34 of this section, except wineries shall be responsible for the tax and  
35 not the resident purchaser.

36 (8) Notwithstanding any other provision of this section, any  
37 domestic winery or wine certificate of approval holder acting as a  
38 distributor of its own production that had total taxable sales of  
39 wine in Washington state of six thousand gallons or less during the  
40 calendar year preceding the date on which the tax would otherwise be

1 due is not required to pay taxes under this section more often than  
2 annually.

3 **Sec. 40.** RCW 66.24.270 and 2006 c 302 s 6 are each amended to  
4 read as follows:

5 (1) Every person, firm or corporation, holding a license to  
6 manufacture malt liquors or strong beer within the state of  
7 Washington, shall, on or before the twentieth day of each month,  
8 furnish to the (~~Washington state liquor control~~) board, on a form  
9 to be prescribed by the board, a statement showing the quantity of  
10 malt liquors and strong beer sold for resale during the preceding  
11 calendar month to each beer distributor within the state of  
12 Washington.

13 (2) (a) A United States brewery or manufacturer of beer or strong  
14 beer, located outside the state of Washington, must hold a  
15 certificate of approval to allow sales and shipment of the  
16 certificate of approval holder's beer or strong beer to licensed  
17 Washington beer distributors, importers, or retailers. A certificate  
18 of approval holder with a direct shipment endorsement may act as a  
19 distributor for beer of its own production.

20 (b) Authorized representatives must hold a certificate of  
21 approval to allow sales and shipment of United States produced beer  
22 or strong beer to licensed Washington beer distributors or importers.

23 (c) Authorized representatives must also hold a certificate of  
24 approval to allow sales and shipments of foreign produced beer or  
25 strong beer to licensed Washington beer distributors or importers.

26 (3) The certificate of approval shall not be granted unless and  
27 until such brewer or manufacturer of beer or strong beer or  
28 authorized representative shall have made a written agreement with  
29 the board to furnish to the board, on or before the twentieth day of  
30 each month, a report under oath, on a form to be prescribed by the  
31 board, showing the quantity of beer and strong beer sold or delivered  
32 to each licensed beer distributor, importer, or retailer during the  
33 preceding month, and shall further have agreed with the board, that  
34 such brewer or manufacturer of beer or strong beer or authorized  
35 representative and all general sales corporations or agencies  
36 maintained by them, and all of their trade representatives,  
37 corporations, and agencies, shall and will faithfully comply with all  
38 laws of the state of Washington pertaining to the sale of  
39 intoxicating liquors and all rules (~~and regulations~~) of the

1 (~~Washington state liquor control~~) board. A violation of the terms  
2 of this agreement will cause the board to take action to suspend or  
3 revoke such certificate.

4 (4) The fee for the certificate of approval and related  
5 endorsements, issued pursuant to the provisions of this title, shall  
6 be from time to time established by the board at a level that is  
7 sufficient to defray the costs of administering the certificate of  
8 approval program. The fee shall be fixed by rule by the board in  
9 accordance with the provisions of the administrative procedure act,  
10 chapter 34.05 RCW.

11 (5) Certificate of approval holders are deemed to have consented  
12 to the jurisdiction of Washington concerning enforcement of this  
13 chapter and all laws and rules related to the sale and shipment of  
14 beer.

15 **Sec. 41.** RCW 66.24.290 and 2010 1st sp.s. c 23 s 1301 are each  
16 amended to read as follows:

17 (1) Any microbrewer or domestic brewery or beer distributor  
18 licensed under this title may sell and deliver beer and strong beer  
19 to holders of authorized licenses direct, but to no other person,  
20 other than the board. Any certificate of approval holder authorized  
21 to act as a distributor under RCW 66.24.270 shall pay the taxes  
22 imposed by this section.

23 (a) Every such brewery or beer distributor shall report all sales  
24 to the board monthly, pursuant to the regulations, and shall pay to  
25 the board as an added tax for the privilege of manufacturing and  
26 selling the beer and strong beer within the state a tax of one dollar  
27 and thirty cents per barrel of thirty-one gallons on sales to  
28 licensees within the state and on sales to licensees within the state  
29 of bottled and canned beer, including strong beer, shall pay a tax  
30 computed in gallons at the rate of one dollar and thirty cents per  
31 barrel of thirty-one gallons.

32 (b) Any brewery or beer distributor whose applicable tax payment  
33 is not postmarked by the twentieth day following the month of sale  
34 will be assessed a penalty at the rate of two percent per month or  
35 fraction thereof. Beer and strong beer shall be sold by breweries and  
36 distributors in sealed barrels or packages.

37 (c) The moneys collected under this subsection shall be  
38 distributed as follows: (i) Three-tenths of a percent shall be  
39 distributed to border areas under RCW 66.08.195; and (ii) of the

1 remaining moneys: (A) Twenty percent shall be distributed to counties  
2 in the same manner as under RCW 66.08.200; and (B) eighty percent  
3 shall be distributed to incorporated cities and towns in the same  
4 manner as under RCW 66.08.210.

5 (d) Any licensed retailer authorized to purchase beer from a  
6 certificate of approval holder with a direct shipment endorsement or  
7 a brewery or microbrewery shall make monthly reports to the (~~liquor~~  
8 ~~control~~) board on beer purchased during the preceding calendar month  
9 in the manner and upon such forms as may be prescribed by the board.

10 (2) An additional tax is imposed on all beer and strong beer  
11 subject to tax under subsection (1) of this section. The additional  
12 tax is equal to two dollars per barrel of thirty-one gallons. All  
13 revenues collected during any month from this additional tax shall be  
14 deposited in the state general fund by the twenty-fifth day of the  
15 following month.

16 (3)(a) An additional tax is imposed on all beer and strong beer  
17 subject to tax under subsection (1) of this section. The additional  
18 tax is equal to (~~ninety-six cents per barrel of thirty-one gallons~~  
19 ~~through June 30, 1995, two dollars and thirty-nine cents per barrel~~  
20 ~~of thirty-one gallons for the period July 1, 1995, through June 30,~~  
21 ~~1997, and~~) four dollars and seventy-eight cents per barrel of  
22 thirty-one gallons (~~thereafter~~).

23 (b) The additional tax imposed under this subsection does not  
24 apply to the sale of the first sixty thousand barrels of beer each  
25 year by breweries that are entitled to a reduced rate of tax under  
26 U.S.C. Sec. 5051, as existing on July 1, 1993, or such subsequent  
27 date as may be provided by the board by rule consistent with the  
28 purposes of this exemption.

29 (c) All revenues collected from the additional tax imposed under  
30 this subsection (3) shall be deposited in the state general fund.

31 (4) An additional tax is imposed on all beer and strong beer that  
32 is subject to tax under subsection (1) of this section that is in the  
33 first sixty thousand barrels of beer and strong beer by breweries  
34 that are entitled to a reduced rate of tax under 26 U.S.C. Sec. 5051,  
35 as existing on July 1, 1993, or such subsequent date as may be  
36 provided by the board by rule consistent with the purposes of the  
37 exemption under subsection (3)(b) of this section. The additional tax  
38 is equal to one dollar and forty-eight and two-tenths cents per  
39 barrel of thirty-one gallons. By the twenty-fifth day of the  
40 following month, three percent of the revenues collected from this

1 additional tax shall be distributed to border areas under RCW  
2 66.08.195 and the remaining moneys shall be transferred to the state  
3 general fund.

4 ~~(5) ((a) From June 1, 2010, through June 30, 2013, an additional~~  
5 ~~tax is imposed on all beer and strong beer subject to tax under~~  
6 ~~subsection (1) of this section. The additional tax is equal to~~  
7 ~~fifteen dollars and fifty cents per barrel of thirty-one gallons.~~

8 ~~(b) The additional tax imposed under this subsection does not~~  
9 ~~apply to the sale of the first sixty thousand barrels of beer each~~  
10 ~~year by breweries that are entitled to a reduced rate of tax under 26~~  
11 ~~U.S.C. Sec. 5051 of the federal internal revenue code, as existing on~~  
12 ~~July 1, 1993, or such subsequent date as may be provided by the board~~  
13 ~~by rule consistent with the purposes of this exemption.~~

14 ~~(c) All revenues collected from the additional tax imposed under~~  
15 ~~this subsection shall be deposited in the state general fund.~~

16 ~~(6))~~ The board may make refunds for all taxes paid on beer and  
17 strong beer exported from the state for use outside the state.

18 ~~((7))~~ (6) The board may require filing with the board of a bond  
19 to be approved by it, in such amount as the board may fix, securing  
20 the payment of the tax. If any licensee fails to pay the tax when  
21 due, the board may forthwith suspend or cancel his or her license  
22 until all taxes are paid.

23 **Sec. 42.** RCW 66.24.480 and 2012 c 117 s 281 are each amended to  
24 read as follows:

25 "Bottle club" means a club or association operating for profit or  
26 otherwise and conducting or maintaining premises in which the members  
27 or other persons may resort for the primary or incidental purpose of  
28 keeping or consuming liquor on the premises.

29 Except as permitted under a license issued by the ~~((Washington~~  
30 ~~state liquor control))~~ board, it is unlawful for any person to  
31 conduct or maintain by himself or herself or by associating with  
32 others, or to in any manner aid, assist, or abet in conducting or  
33 maintaining a bottle club.

34 **Sec. 43.** RCW 66.24.481 and 2008 c 94 s 9 are each amended to  
35 read as follows:

36 No public place or club, or agent, servant or employee thereof,  
37 shall keep or allow to be kept, either by itself, its agent, servant  
38 or employee, or any other person, any liquor in any place maintained



1 or conducted by such public place or club, nor shall it permit the  
2 drinking of any liquor in any such place, unless the sale of liquor  
3 in said place is authorized by virtue of a valid and subsisting  
4 license issued by the (~~Washington state liquor control~~) board, or  
5 the consumption of liquor in said place is authorized by a special  
6 banquet permit issued by said board. Every person who violates any  
7 provision of this section shall be guilty of a gross misdemeanor.

8 "Public place," for purposes of this section only, shall mean in  
9 addition to the definition set forth in RCW 66.04.010, any place to  
10 which admission is charged or in which any pecuniary gain is realized  
11 by the owner or operator of such place in selling or vending food or  
12 soft drinks.

13 **Sec. 44.** RCW 66.24.495 and 1997 c 321 s 33 are each amended to  
14 read as follows:

15 (1) There shall be a license to be designated as a nonprofit arts  
16 organization license. This shall be a special license to be issued to  
17 any nonprofit arts organization which sponsors and presents  
18 productions or performances of an artistic or cultural nature in a  
19 specific theater or other appropriate designated indoor premises  
20 approved by the board. The license shall permit the licensee to sell  
21 liquor to patrons of productions or performances for consumption on  
22 the premises at these events. The fee for the license shall be two  
23 hundred fifty dollars per annum.

24 (2) For the purposes of this section, the term "nonprofit arts  
25 organization" means an organization which is organized and operated  
26 for the purpose of providing artistic or cultural exhibitions,  
27 presentations, or performances or cultural or art education programs,  
28 as defined in subsection (3) of this section, for viewing or  
29 attendance by the general public. The organization must be a not-for-  
30 profit corporation under chapter 24.03 RCW and managed by a governing  
31 board of not less than eight individuals none of whom is a paid  
32 employee of the organization or by a corporation sole under chapter  
33 24.12 RCW. In addition, the corporation must satisfy the following  
34 conditions:

35 (a) No part of its income may be paid directly or indirectly to  
36 its members, stockholders, officers, directors, or trustees except in  
37 the form of services rendered by the corporation in accordance with  
38 its purposes and bylaws;

1 (b) Salary or compensation paid to its officers and executives  
2 must be only for actual services rendered, and at levels comparable  
3 to the salary or compensation of like positions within the state;

4 (c) Assets of the corporation must be irrevocably dedicated to  
5 the activities for which the license is granted and, on the  
6 liquidation, dissolution, or abandonment by the corporation, may not  
7 inure directly or indirectly to the benefit of any member or  
8 individual except a nonprofit organization, association, or  
9 corporation;

10 (d) The corporation must be duly licensed or certified when  
11 licensing or certification is required by law or regulation;

12 (e) The proceeds derived from sales of liquor, except for  
13 reasonable operating costs, must be used in furtherance of the  
14 purposes of the organization;

15 (f) Services must be available regardless of race, color,  
16 national origin, or ancestry; and

17 (g) The (~~liquor control~~) board shall have access to its books  
18 in order to determine whether the corporation is entitled to a  
19 license.

20 (3) The term "artistic or cultural exhibitions, presentations, or  
21 performances or cultural or art education programs" includes and is  
22 limited to:

23 (a) An exhibition or presentation of works of art or objects of  
24 cultural or historical significance, such as those commonly displayed  
25 in art or history museums;

26 (b) A musical or dramatic performance or series of performances;  
27 or

28 (c) An educational seminar or program, or series of such  
29 programs, offered by the organization to the general public on an  
30 artistic, cultural, or historical subject.

31 **Sec. 45.** RCW 66.28.035 and 2016 c 235 s 14 are each amended to  
32 read as follows:

33 (1) By the 20th day of each month, all spirits certificate of  
34 approval holders must file with the board, in a form and manner  
35 required by the board, a report of all spirits delivered to  
36 purchasers in this state during the preceding month. Copies of the  
37 invoices for all such purchases or other information required by the  
38 board that would disclose the identity of the purchasers must be made  
39 available upon request.

1 (2) A spirits certificate of approval holder may not ship or  
2 cause to be transported into this state any spirits unless the  
3 purchaser to whom the spirits are to be delivered is:

4 (a) Licensed by the board to sell spirits in this state, and the  
5 license is in good standing; or

6 (b) Otherwise legally authorized to sell spirits in this state.

7 (3) The ((~~liquor and cannabis~~)) board must maintain on its web  
8 site a list of all purchasers that meet the conditions of subsection  
9 (2) of this section.

10 (4) A violation of this section is grounds for suspension of a  
11 spirits certificate of approval license in accordance with RCW  
12 66.08.150, in addition to any punishment as may be authorized by RCW  
13 66.28.030.

14 **Sec. 46.** RCW 66.28.040 and 2016 c 235 s 15 are each amended to  
15 read as follows:

16 Except as permitted by the board under RCW 66.20.010, no domestic  
17 brewery, microbrewery, distributor, distiller, domestic winery,  
18 importer, rectifier, certificate of approval holder, or other  
19 manufacturer of liquor may, within the state of Washington, give to  
20 any person any liquor; but nothing in this section nor in RCW  
21 66.28.305 prevents a domestic brewery, microbrewery, distributor,  
22 domestic winery, distiller, certificate of approval holder, or  
23 importer from furnishing samples of beer, wine, or spirituous liquor  
24 to authorized licensees for the purpose of negotiating a sale, in  
25 accordance with ((~~regulations~~)) rules adopted by the ((~~liquor and~~  
26 ~~cannabis~~)) board, provided that the samples are subject to taxes  
27 imposed by RCW 66.24.290 and 66.24.210; nothing in this section  
28 prevents a domestic brewery, microbrewery, domestic winery,  
29 distillery, certificate of approval holder, or distributor from  
30 furnishing beer, wine, or spirituous liquor for instructional  
31 purposes under RCW 66.28.150; nothing in this section prevents a  
32 domestic winery, certificate of approval holder, or distributor from  
33 furnishing wine without charge, subject to the taxes imposed by RCW  
34 66.24.210, to a not-for-profit group organized and operated solely  
35 for the purpose of enology or the study of viticulture which has been  
36 in existence for at least six months and that uses wine so furnished  
37 solely for such educational purposes or a domestic winery, or an out-  
38 of-state certificate of approval holder, from furnishing wine without  
39 charge or a domestic brewery, or an out-of-state certificate of

1 approval holder, from furnishing beer without charge, subject to the  
2 taxes imposed by RCW 66.24.210 or 66.24.290, or a domestic distiller  
3 licensed under RCW 66.24.140 or an accredited representative of a  
4 distiller, manufacturer, importer, or distributor of spirituous  
5 liquor licensed under RCW 66.24.310, from furnishing spirits without  
6 charge, to a nonprofit charitable corporation or association exempt  
7 from taxation under 26 U.S.C. Sec. 501(c)(3) or (6) of the internal  
8 revenue code of 1986 for use consistent with the purpose or purposes  
9 entitling it to such exemption; nothing in this section prevents a  
10 domestic brewery or microbrewery from serving beer without charge, on  
11 the brewery premises; nothing in this section prevents donations of  
12 wine for the purposes of RCW 66.12.180; nothing in this section  
13 prevents a domestic winery from serving wine without charge, on the  
14 winery premises; and nothing in this section prevents a craft  
15 distillery from serving spirits, on the distillery premises subject  
16 to RCW 66.24.145.

17 **Sec. 47.** RCW 66.40.030 and 2015 c 153 s 2 are each amended to  
18 read as follows:

19 (1) Within any election unit referred to in RCW 66.40.010,  
20 subject to the exception specified in subsection (2) of this section,  
21 a separate election may be held upon the question of whether the sale  
22 of liquor under spirits, beer, and wine restaurant; spirits, beer,  
23 and wine private club; spirits, beer, and wine nightclub; and sports  
24 entertainment facility licenses, must be permitted within the  
25 election unit. The conditions and procedure for holding the election  
26 are prescribed by RCW 66.40.020, 66.40.040, 66.40.100, 66.40.110, and  
27 66.40.120. Whenever a majority of qualified voters voting upon the  
28 question in the election unit vote "against the sale of liquor under  
29 spirits, beer, and wine restaurant; spirits, beer, and wine private  
30 club; spirits, beer, and wine nightclub; and sports entertainment  
31 facility licenses," the county auditor must file with the (~~liquor~~  
32 ~~control~~) board a certificate showing the result of the canvass at  
33 the election. Ninety days after the date of that canvass, it is  
34 unlawful for licensees to maintain and operate premises within the  
35 election unit licensed under spirits, beer, and wine restaurant;  
36 spirits, beer, and wine private club; spirits, beer, and wine  
37 nightclub; and sports entertainment facility licenses.

38 (2) The addition after an election under subsection (1) of this  
39 section of new territory to the election unit by annexation,

1 disincorporation, or otherwise does not extend the prohibition  
2 against the sale of liquor under spirits, beer, and wine restaurant;  
3 spirits, beer, and wine private club; spirits, beer, and wine  
4 nightclub; and sports entertainment facility licenses to the new  
5 territory. Furthermore, the new territory is not: (a) Within the  
6 election unit in any subsequent election under subsection (1) of this  
7 section; or (b) subject to any prohibition adopted pursuant to any  
8 subsequent election under subsection (1) of this section.

9 (3) Elections held under RCW 66.40.010, 66.40.020, 66.40.040,  
10 66.40.100, 66.40.110, 66.40.120, and 66.40.140 are limited to the  
11 question of whether the sale of liquor by means other than under  
12 spirits, beer, and wine restaurant; spirits, beer, and wine private  
13 club; spirits, beer, and wine nightclub; and sports entertainment  
14 facility licenses is permitted within the election unit.

15 **Sec. 48.** RCW 66.40.140 and 2012 c 117 s 288 are each amended to  
16 read as follows:

17 Whenever a majority of qualified voters voting upon said question  
18 in any such unit shall have voted "Against sale of liquor," the  
19 county auditor shall file with the (~~liquor control~~) board a  
20 certificate showing the result of the canvass at such election; and  
21 thereafter, except as hereinafter provided, it shall not be lawful  
22 for a liquor store to be operated therein nor for licensees to  
23 maintain and operate licensed premises therein except as hereinafter  
24 provided:

25 (1) As to any stores maintained by the board within any such unit  
26 at the time of such licensing, the board shall have a period of  
27 thirty days from and after the date of the canvass of the vote upon  
28 such election to continue operation of its store or stores therein.

29 (2) As to any premises licensed hereunder within any such unit at  
30 the time of such election, such licensee shall have a period of sixty  
31 days from and after the date of the canvass of the vote upon such  
32 election in which to discontinue operation of its store or stores  
33 therein.

34 (3) Nothing herein contained shall prevent any distillery,  
35 brewery, rectifying plant or winery or the licensed operators thereof  
36 from selling its manufactured product, manufactured within such unit,  
37 outside the boundaries thereof.

38 (4) Nothing herein contained shall prevent any person residing in  
39 any unit in which the sale of liquor shall have been forbidden by

1 popular vote as herein provided, who is otherwise qualified to  
2 receive and hold a permit under this title, from lawfully purchasing  
3 without the unit and transporting into or receiving within the unit,  
4 liquor lawfully purchased by him or her outside the boundaries of  
5 such unit.

6 **Sec. 49.** RCW 66.44.290 and 2003 c 53 s 301 are each amended to  
7 read as follows:

8 (1) Every person under the age of twenty-one years who purchases  
9 or attempts to purchase liquor shall be guilty of a violation of this  
10 title. This section does not apply to persons between the ages of  
11 eighteen and twenty-one years who are participating in a controlled  
12 purchase program authorized by the (~~liquor control~~) board under  
13 rules adopted by the board. Violations occurring under a private,  
14 controlled purchase program authorized by the (~~liquor control~~)  
15 board may not be used for criminal or administrative prosecution.

16 (2) An employer who conducts an in-house controlled purchase  
17 program authorized under this section shall provide his or her  
18 employees a written description of the employer's in-house controlled  
19 purchase program. The written description must include notice of  
20 actions an employer may take as a consequence of an employee's  
21 failure to comply with company policies regarding the sale of alcohol  
22 during an in-house controlled purchase.

23 (3) An in-house controlled purchase program authorized under this  
24 section shall be for the purposes of employee training and employer  
25 self-compliance checks. An employer may not terminate an employee  
26 solely for a first-time failure to comply with company policies  
27 regarding the sale of alcohol during an in-house controlled purchase  
28 program authorized under this section.

29 (4) Every person between the ages of eighteen and twenty,  
30 inclusive, who is convicted of a violation of this section is guilty  
31 of a misdemeanor punishable as provided by RCW 9A.20.021, except that  
32 a minimum fine of two hundred fifty dollars shall be imposed and any  
33 sentence requiring community restitution shall require not fewer than  
34 twenty-five hours of community restitution.

35 **Sec. 50.** RCW 66.44.292 and 2012 c 117 s 292 are each amended to  
36 read as follows:

37 The (~~Washington state liquor control~~) board shall furnish  
38 notification of any hearing or hearings held, wherein any licensee or

1 his or her employee is found to have sold liquor to a minor, to the  
2 prosecuting attorney of the county in which the sale took place, upon  
3 which the prosecuting attorney may formulate charges against said  
4 minor or minors for such violation of RCW 66.44.290 as may appear.

5 **Sec. 51.** RCW 66.44.310 and 2007 c 370 s 12 are each amended to  
6 read as follows:

7 (1) Except as otherwise provided by RCW 66.44.316, 66.44.350, and  
8 66.24.590, it shall be a misdemeanor:

9 (a) To serve or allow to remain in any area classified by the  
10 board as off-limits to any person under the age of twenty-one years;

11 (b) For any person under the age of twenty-one years to enter or  
12 remain in any area classified as off-limits to such a person, but  
13 persons under twenty-one years of age may pass through a restricted  
14 area in a facility holding a spirits, beer, and wine private club  
15 license;

16 (c) For any person under the age of twenty-one years to represent  
17 his or her age as being twenty-one or more years for the purpose of  
18 purchasing liquor or securing admission to, or remaining in any area  
19 classified by the board as off-limits to such a person.

20 (2) The (~~Washington state liquor control~~) board shall have the  
21 power and it shall be its duty to classify licensed premises or  
22 portions of licensed premises as off-limits to persons under the age  
23 of twenty-one years of age.

24 **Sec. 52.** RCW 66.44.350 and 2016 c 235 s 16 are each amended to  
25 read as follows:

26 Notwithstanding provisions of RCW 66.44.310, employees of  
27 businesses holding beer and/or wine restaurant; beer and/or wine  
28 private club; snack bar; spirits, beer, and wine restaurant; spirits,  
29 beer, and wine private club; catering; and sports entertainment  
30 facility licenses who are between eighteen and twenty-one years of  
31 age may take orders for, serve, and sell liquor in any part of the  
32 licensed premises except cocktail lounges, bars, or other areas  
33 classified by the (~~Washington state liquor and cannabis~~) board as  
34 off-limits to persons under twenty-one years of age(~~(:—PROVIDED,~~  
35 ~~That)~~). Such employees may enter such restricted areas to perform  
36 work assignments including picking up liquor for service in other  
37 parts of the licensed premises, performing clean up work, setting up  
38 and arranging tables, delivering supplies, delivering messages,

1 serving food, and seating patrons(~~(~~PROVIDED FURTHER, That~~)~~). Such  
2 employees must remain in the areas off-limits to minors no longer  
3 than is necessary to carry out their aforementioned duties(~~(~~PROVIDED FURTHER, That such employees~~)~~) and are not (~~(be)~~) permitted  
4 (~~(are not permitted)~~) to perform activities or functions of a  
5 bartender.  
6

7 **Sec. 53.** RCW 67.70.070 and 2012 c 117 s 308 are each amended to  
8 read as follows:

9 No license as an agent to sell lottery tickets or shares may be  
10 issued to any person to engage in business exclusively as a lottery  
11 sales agent. Before issuing a license, the director shall consider  
12 such factors as: (1) The financial responsibility and security of the  
13 person and his or her business or activity, (2) the accessibility of  
14 his or her place of business or activity to the public, (3) the  
15 sufficiency of existing licenses to serve the public convenience, and  
16 (4) the volume of expected sales.

17 For purposes of this section, the term "person" means an  
18 individual, association, corporation, club, trust, estate, society,  
19 company, joint stock company, receiver, trustee, assignee, referee,  
20 or any other person acting in a fiduciary or representative capacity,  
21 whether appointed by a court or otherwise, and any combination of  
22 individuals. "Person" does not mean any department, commission,  
23 agency, or instrumentality of the state, or any county or  
24 municipality or any agency or instrumentality thereof, except for  
25 retail outlets of the Washington state liquor (~~(control)~~) and  
26 cannabis board.

27 **Sec. 54.** RCW 69.07.210 and 2017 c 138 s 5 are each amended to  
28 read as follows:

29 The department of agriculture, (~~(state liquor and cannabis)~~)  
30 board, and department of revenue shall take the necessary steps to  
31 ensure that RCW 69.07.200 is implemented on its effective date.

32 **Sec. 55.** RCW 69.50.101 and 2018 c 132 s 2 are each reenacted and  
33 amended to read as follows:

34 The definitions in this section apply throughout this chapter  
35 unless the context clearly requires otherwise.



1 (a) "Administer" means to apply a controlled substance, whether  
2 by injection, inhalation, ingestion, or any other means, directly to  
3 the body of a patient or research subject by:

4 (1) a practitioner authorized to prescribe (or, by the  
5 practitioner's authorized agent); or

6 (2) the patient or research subject at the direction and in the  
7 presence of the practitioner.

8 (b) "Agent" means an authorized person who acts on behalf of or  
9 at the direction of a manufacturer, distributor, or dispenser. It  
10 does not include a common or contract carrier, public  
11 warehouseperson, or employee of the carrier or warehouseperson.

12 (c) "CBD concentration" has the meaning provided in RCW  
13 69.51A.010.

14 (d) "CBD product" means any product containing or consisting of  
15 cannabidiol.

16 (e) "Commission" means the pharmacy quality assurance commission.

17 (f) "Controlled substance" means a drug, substance, or immediate  
18 precursor included in Schedules I through V as set forth in federal  
19 or state laws, or federal or commission rules, but does not include  
20 industrial hemp as defined in RCW 15.120.010.

21 (g)(1) "Controlled substance analog" means a substance the  
22 chemical structure of which is substantially similar to the chemical  
23 structure of a controlled substance in Schedule I or II and:

24 (i) that has a stimulant, depressant, or hallucinogenic effect on  
25 the central nervous system substantially similar to the stimulant,  
26 depressant, or hallucinogenic effect on the central nervous system of  
27 a controlled substance included in Schedule I or II; or

28 (ii) with respect to a particular individual, that the individual  
29 represents or intends to have a stimulant, depressant, or  
30 hallucinogenic effect on the central nervous system substantially  
31 similar to the stimulant, depressant, or hallucinogenic effect on the  
32 central nervous system of a controlled substance included in Schedule  
33 I or II.

34 (2) The term does not include:

35 (i) a controlled substance;

36 (ii) a substance for which there is an approved new drug  
37 application;

38 (iii) a substance with respect to which an exemption is in effect  
39 for investigational use by a particular person under Section 505 of  
40 the federal food, drug, and cosmetic act, 21 U.S.C. Sec. 355, or

1 chapter 69.77 RCW to the extent conduct with respect to the substance  
2 is pursuant to the exemption; or  
3 (iv) any substance to the extent not intended for human  
4 consumption before an exemption takes effect with respect to the  
5 substance.  
6 (h) "Deliver" or "delivery" means the actual or constructive  
7 transfer from one person to another of a substance, whether or not  
8 there is an agency relationship.  
9 (i) "Department" means the department of health.  
10 (j) "Designated provider" has the meaning provided in RCW  
11 69.51A.010.  
12 (k) "Dispense" means the interpretation of a prescription or  
13 order for a controlled substance and, pursuant to that prescription  
14 or order, the proper selection, measuring, compounding, labeling, or  
15 packaging necessary to prepare that prescription or order for  
16 delivery.  
17 (l) "Dispenser" means a practitioner who dispenses.  
18 (m) "Distribute" means to deliver other than by administering or  
19 dispensing a controlled substance.  
20 (n) "Distributor" means a person who distributes.  
21 (o) "Drug" means (1) a controlled substance recognized as a drug  
22 in the official United States pharmacopoeia/national formulary or the  
23 official homeopathic pharmacopoeia of the United States, or any  
24 supplement to them; (2) controlled substances intended for use in the  
25 diagnosis, cure, mitigation, treatment, or prevention of disease in  
26 individuals or animals; (3) controlled substances (other than food)  
27 intended to affect the structure or any function of the body of  
28 individuals or animals; and (4) controlled substances intended for  
29 use as a component of any article specified in (1), (2), or (3) of  
30 this subsection. The term does not include devices or their  
31 components, parts, or accessories.  
32 (p) "Drug enforcement administration" means the drug enforcement  
33 administration in the United States Department of Justice, or its  
34 successor agency.  
35 (q) "Electronic communication of prescription information" means  
36 the transmission of a prescription or refill authorization for a drug  
37 of a practitioner using computer systems. The term does not include a  
38 prescription or refill authorization verbally transmitted by  
39 telephone nor a facsimile manually signed by the practitioner.

1 (r) "Immature plant or clone" means a plant or clone that has no  
2 flowers, is less than twelve inches in height, and is less than  
3 twelve inches in diameter.

4 (s) "Immediate precursor" means a substance:

5 (1) that the commission has found to be and by rule designates as  
6 being the principal compound commonly used, or produced primarily for  
7 use, in the manufacture of a controlled substance;

8 (2) that is an immediate chemical intermediary used or likely to  
9 be used in the manufacture of a controlled substance; and

10 (3) the control of which is necessary to prevent, curtail, or  
11 limit the manufacture of the controlled substance.

12 (t) "Isomer" means an optical isomer, but in subsection (ff)(5)  
13 of this section, RCW 69.50.204(a) (12) and (34), and 69.50.206(b)(4),  
14 the term includes any geometrical isomer; in RCW 69.50.204(a) (8) and  
15 (42), and 69.50.210(c) the term includes any positional isomer; and  
16 in RCW 69.50.204(a)(35), 69.50.204(c), and 69.50.208(a) the term  
17 includes any positional or geometric isomer.

18 (u) "Lot" means a definite quantity of marijuana, marijuana  
19 concentrates, useable marijuana, or marijuana-infused product  
20 identified by a lot number, every portion or package of which is  
21 uniform within recognized tolerances for the factors that appear in  
22 the labeling.

23 (v) "Lot number" must identify the licensee by business or trade  
24 name and Washington state unified business identifier number, and the  
25 date of harvest or processing for each lot of marijuana, marijuana  
26 concentrates, useable marijuana, or marijuana-infused product.

27 (w) "Manufacture" means the production, preparation, propagation,  
28 compounding, conversion, or processing of a controlled substance,  
29 either directly or indirectly or by extraction from substances of  
30 natural origin, or independently by means of chemical synthesis, or  
31 by a combination of extraction and chemical synthesis, and includes  
32 any packaging or repackaging of the substance or labeling or  
33 relabeling of its container. The term does not include the  
34 preparation, compounding, packaging, repackaging, labeling, or  
35 relabeling of a controlled substance:

36 (1) by a practitioner as an incident to the practitioner's  
37 administering or dispensing of a controlled substance in the course  
38 of the practitioner's professional practice; or

39 (2) by a practitioner, or by the practitioner's authorized agent  
40 under the practitioner's supervision, for the purpose of, or as an

1 incident to, research, teaching, or chemical analysis and not for  
2 sale.

3 (x) "Marijuana" or "marihuana" means all parts of the plant  
4 *Cannabis*, whether growing or not, with a THC concentration greater  
5 than 0.3 percent on a dry weight basis; the seeds thereof; the resin  
6 extracted from any part of the plant; and every compound,  
7 manufacture, salt, derivative, mixture, or preparation of the plant,  
8 its seeds or resin. The term does not include:

9 (1) The mature stalks of the plant, fiber produced from the  
10 stalks, oil or cake made from the seeds of the plant, any other  
11 compound, manufacture, salt, derivative, mixture, or preparation of  
12 the mature stalks (except the resin extracted therefrom), fiber, oil,  
13 or cake, or the sterilized seed of the plant which is incapable of  
14 germination; or

15 (2) Industrial hemp as defined in RCW 15.120.010.

16 (y) "Marijuana concentrates" means products consisting wholly or  
17 in part of the resin extracted from any part of the plant *Cannabis*  
18 and having a THC concentration greater than ten percent.

19 (z) "Marijuana processor" means a person licensed by the (~~state~~  
20 ~~liquor and cannabis~~) board to process marijuana into marijuana  
21 concentrates, useable marijuana, and marijuana-infused products,  
22 package and label marijuana concentrates, useable marijuana, and  
23 marijuana-infused products for sale in retail outlets, and sell  
24 marijuana concentrates, useable marijuana, and marijuana-infused  
25 products at wholesale to marijuana retailers.

26 (aa) "Marijuana producer" means a person licensed by the (~~state~~  
27 ~~liquor and cannabis~~) board to produce and sell marijuana at  
28 wholesale to marijuana processors and other marijuana producers.

29 (bb) "Marijuana products" means useable marijuana, marijuana  
30 concentrates, and marijuana-infused products as defined in this  
31 section.

32 (cc) "Marijuana researcher" means a person licensed by the  
33 (~~state liquor and cannabis~~) board to produce, process, and possess  
34 marijuana for the purposes of conducting research on marijuana and  
35 marijuana-derived drug products.

36 (dd) "Marijuana retailer" means a person licensed by the (~~state~~  
37 ~~liquor and cannabis~~) board to sell marijuana concentrates, useable  
38 marijuana, and marijuana-infused products in a retail outlet.

39 (ee) "Marijuana-infused products" means products that contain  
40 marijuana or marijuana extracts, are intended for human use, are

1 derived from marijuana as defined in subsection (x) of this section,  
2 and have a THC concentration no greater than ten percent. The term  
3 "marijuana-infused products" does not include either useable  
4 marijuana or marijuana concentrates.

5 (ff) "Narcotic drug" means any of the following, whether produced  
6 directly or indirectly by extraction from substances of vegetable  
7 origin, or independently by means of chemical synthesis, or by a  
8 combination of extraction and chemical synthesis:

9 (1) Opium, opium derivative, and any derivative of opium or opium  
10 derivative, including their salts, isomers, and salts of isomers,  
11 whenever the existence of the salts, isomers, and salts of isomers is  
12 possible within the specific chemical designation. The term does not  
13 include the isoquinoline alkaloids of opium.

14 (2) Synthetic opiate and any derivative of synthetic opiate,  
15 including their isomers, esters, ethers, salts, and salts of isomers,  
16 esters, and ethers, whenever the existence of the isomers, esters,  
17 ethers, and salts is possible within the specific chemical  
18 designation.

19 (3) Poppy straw and concentrate of poppy straw.

20 (4) Coca leaves, except coca leaves and extracts of coca leaves  
21 from which cocaine, ecgonine, and derivatives or ecgonine or their  
22 salts have been removed.

23 (5) Cocaine, or any salt, isomer, or salt of isomer thereof.

24 (6) Cocaine base.

25 (7) Ecgonine, or any derivative, salt, isomer, or salt of isomer  
26 thereof.

27 (8) Any compound, mixture, or preparation containing any quantity  
28 of any substance referred to in subparagraphs (1) through (7).

29 (gg) "Opiate" means any substance having an addiction-forming or  
30 addiction-sustaining liability similar to morphine or being capable  
31 of conversion into a drug having addiction-forming or addiction-  
32 sustaining liability. The term includes opium, substances derived  
33 from opium (opium derivatives), and synthetic opiates. The term does  
34 not include, unless specifically designated as controlled under RCW  
35 69.50.201, the dextrorotatory isomer of 3-methoxy-n-methylmorphinan  
36 and its salts (dextromethorphan). The term includes the racemic and  
37 levorotatory forms of dextromethorphan.

38 (hh) "Opium poppy" means the plant of the species *Papaver*  
39 *somniferum* L., except its seeds.

1 (ii) "Person" means individual, corporation, business trust,  
2 estate, trust, partnership, association, joint venture, government,  
3 governmental subdivision or agency, or any other legal or commercial  
4 entity.

5 (jj) "Plant" has the meaning provided in RCW 69.51A.010.

6 (kk) "Poppy straw" means all parts, except the seeds, of the  
7 opium poppy, after mowing.

8 (ll) "Practitioner" means:

9 (1) A physician under chapter 18.71 RCW; a physician assistant  
10 under chapter 18.71A RCW; an osteopathic physician and surgeon under  
11 chapter 18.57 RCW; an osteopathic physician assistant under chapter  
12 18.57A RCW who is licensed under RCW 18.57A.020 subject to any  
13 limitations in RCW 18.57A.040; an optometrist licensed under chapter  
14 18.53 RCW who is certified by the optometry board under RCW 18.53.010  
15 subject to any limitations in RCW 18.53.010; a dentist under chapter  
16 18.32 RCW; a podiatric physician and surgeon under chapter 18.22 RCW;  
17 a veterinarian under chapter 18.92 RCW; a registered nurse, advanced  
18 registered nurse practitioner, or licensed practical nurse under  
19 chapter 18.79 RCW; a naturopathic physician under chapter 18.36A RCW  
20 who is licensed under RCW 18.36A.030 subject to any limitations in  
21 RCW 18.36A.040; a pharmacist under chapter 18.64 RCW or a scientific  
22 investigator under this chapter, licensed, registered or otherwise  
23 permitted insofar as is consistent with those licensing laws to  
24 distribute, dispense, conduct research with respect to or administer  
25 a controlled substance in the course of their professional practice  
26 or research in this state.

27 (2) A pharmacy, hospital or other institution licensed,  
28 registered, or otherwise permitted to distribute, dispense, conduct  
29 research with respect to or to administer a controlled substance in  
30 the course of professional practice or research in this state.

31 (3) A physician licensed to practice medicine and surgery, a  
32 physician licensed to practice osteopathic medicine and surgery, a  
33 dentist licensed to practice dentistry, a podiatric physician and  
34 surgeon licensed to practice podiatric medicine and surgery, a  
35 licensed physician assistant or a licensed osteopathic physician  
36 assistant specifically approved to prescribe controlled substances by  
37 his or her state's medical quality assurance commission or equivalent  
38 and his or her supervising physician, an advanced registered nurse  
39 practitioner licensed to prescribe controlled substances, or a

1 veterinarian licensed to practice veterinary medicine in any state of  
2 the United States.

3 (mm) "Prescription" means an order for controlled substances  
4 issued by a practitioner duly authorized by law or rule in the state  
5 of Washington to prescribe controlled substances within the scope of  
6 his or her professional practice for a legitimate medical purpose.

7 (nn) "Production" includes the manufacturing, planting,  
8 cultivating, growing, or harvesting of a controlled substance.

9 (oo) "Qualifying patient" has the meaning provided in RCW  
10 69.51A.010.

11 (pp) "Recognition card" has the meaning provided in RCW  
12 69.51A.010.

13 (qq) "Retail outlet" means a location licensed by the ((state  
14 ~~liquor and cannabis~~) board for the retail sale of marijuana  
15 concentrates, useable marijuana, and marijuana-infused products.

16 (rr) "Secretary" means the secretary of health or the secretary's  
17 designee.

18 (ss) "State," unless the context otherwise requires, means a  
19 state of the United States, the District of Columbia, the  
20 Commonwealth of Puerto Rico, or a territory or insular possession  
21 subject to the jurisdiction of the United States.

22 (tt) "THC concentration" means percent of delta-9  
23 tetrahydrocannabinol content per dry weight of any part of the plant  
24 *Cannabis*, or per volume or weight of marijuana product, or the  
25 combined percent of delta-9 tetrahydrocannabinol and  
26 tetrahydrocannabinolic acid in any part of the plant *Cannabis*  
27 regardless of moisture content.

28 (uu) "Ultimate user" means an individual who lawfully possesses a  
29 controlled substance for the individual's own use or for the use of a  
30 member of the individual's household or for administering to an  
31 animal owned by the individual or by a member of the individual's  
32 household.

33 (vv) "Useable marijuana" means dried marijuana flowers. The term  
34 "useable marijuana" does not include either marijuana-infused  
35 products or marijuana concentrates.

36 (ww) "Board" means the Washington state liquor and cannabis  
37 board.

38 **Sec. 56.** RCW 69.50.325 and 2018 c 132 s 3 are each amended to  
39 read as follows:

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

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



1 eighty-one dollars. A separate license shall be required for each  
2 location at which a marijuana processor intends to process marijuana.

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

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

26 (c) (i) A marijuana retailer's license is subject to forfeiture in  
27 accordance with rules adopted by the (~~state liquor and cannabis~~)  
28 board pursuant to this section.

29 (ii) The (~~state liquor and cannabis~~) board shall adopt rules to  
30 establish a license forfeiture process for a licensed marijuana  
31 retailer that is not fully operational and open to the public within  
32 a specified period from the date of license issuance, as established  
33 by the (~~state liquor and cannabis~~) board, subject to the following  
34 restrictions:

35 (A) No marijuana retailer's license may be subject to forfeiture  
36 within the first nine months of license issuance; and

37 (B) The (~~state liquor and cannabis~~) board must require license  
38 forfeiture on or before twenty-four calendar months of license  
39 issuance if a marijuana retailer is not fully operational and open to  
40 the public, unless the board determines that circumstances out of the

1 licensee's control are preventing the licensee from becoming fully  
2 operational and that, in the board's discretion, the circumstances  
3 warrant extending the forfeiture period beyond twenty-four calendar  
4 months.

5 (iii) The (~~state liquor and cannabis~~) board has discretion in  
6 adopting rules under this subsection (3)(c).

7 (iv) This subsection (3)(c) applies to marijuana retailer's  
8 licenses issued before and after July 23, 2017. However, no license  
9 of a marijuana retailer that otherwise meets the conditions for  
10 license forfeiture established pursuant to this subsection (3)(c) may  
11 be subject to forfeiture within the first nine calendar months of  
12 July 23, 2017.

13 (v) The (~~state liquor and cannabis~~) board may not require  
14 license forfeiture if the licensee has been incapable of opening a  
15 fully operational retail marijuana business due to actions by the  
16 city, town, or county with jurisdiction over the licensee that  
17 include any of the following:

18 (A) The adoption of a ban or moratorium that prohibits the  
19 opening of a retail marijuana business; or

20 (B) The adoption of an ordinance or regulation related to zoning,  
21 business licensing, land use, or other regulatory measure that has  
22 the effect of preventing a licensee from receiving an occupancy  
23 permit from the jurisdiction or which otherwise prevents a licensed  
24 marijuana retailer from becoming operational.

25 **Sec. 57.** RCW 69.50.326 and 2018 c 132 s 1 are each amended to  
26 read as follows:

27 (1) Licensed marijuana producers and licensed marijuana  
28 processors may use a CBD product as an additive for the purpose of  
29 enhancing the cannabidiol concentration of any product authorized for  
30 production, processing, and sale under this chapter. Except as  
31 otherwise provided in subsection (2) of this section, such CBD  
32 product additives must be lawfully produced by, or purchased from, a  
33 producer or processor licensed under this chapter.

34 (2) Subject to the requirements set forth in (a) and (b) of this  
35 subsection, and for the purpose of enhancing the cannabidiol  
36 concentration of any product authorized for production, processing,  
37 or sale under this chapter, licensed marijuana producers and licensed  
38 marijuana processors may use a CBD product obtained from a source not  
39 licensed under this chapter, provided the CBD product:

1 (a) Has a THC level of 0.3 percent or less on a dry weight basis;  
2 and

3 (b) Has been tested for contaminants and toxins by a testing  
4 laboratory accredited under this chapter and in accordance with  
5 testing standards established under this chapter and the applicable  
6 administrative rules.

7 (3) Subject to the requirements of this subsection (3), the  
8 (~~liquor and cannabis~~) board may enact rules necessary to implement  
9 the requirements of this section. Such rule making is limited to  
10 regulations pertaining to laboratory testing and product safety  
11 standards for those cannabidiol products used by licensed producers  
12 and processors in the manufacture of marijuana products marketed by  
13 licensed retailers under this chapter (~~69.50 RCW~~). The purpose of  
14 such rule making must be to ensure the safety and purity of  
15 cannabidiol products used by marijuana producers and processors  
16 licensed under this chapter (~~69.50 RCW~~) and incorporated into  
17 products sold by licensed recreational marijuana retailers. This  
18 rule-making authority does not include the authority to enact rules  
19 regarding either the production or processing practices of the  
20 industrial hemp industry or any cannabidiol products that are sold or  
21 marketed outside of the regulatory framework established under this  
22 chapter (~~69.50 RCW~~).

23 **Sec. 58.** RCW 69.50.331 and 2017 c 317 s 2 are each amended to  
24 read as follows:

25 (1) For the purpose of considering any application for a license  
26 to produce, process, research, transport, or deliver marijuana,  
27 useable marijuana, marijuana concentrates, or marijuana-infused  
28 products subject to the (~~regulations established~~) rules adopted  
29 under RCW 69.50.385, or sell marijuana, or for the renewal of a  
30 license to produce, process, research, transport, or deliver  
31 marijuana, useable marijuana, marijuana concentrates, or marijuana-  
32 infused products subject to the (~~regulations established~~) rules  
33 adopted under RCW 69.50.385, or sell marijuana, the (~~state liquor~~  
34 ~~and cannabis~~) board must conduct a comprehensive, fair, and  
35 impartial evaluation of the applications timely received.

36 (a) The (~~state liquor and cannabis~~) board may cause an  
37 inspection of the premises to be made, and may inquire into all  
38 matters in connection with the construction and operation of the  
39 premises. For the purpose of reviewing any application for a license

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

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

25 (i) A person under the age of twenty-one years;

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

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

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

36 (2)(a) The ((state liquor and cannabis)) board may, in its  
37 discretion, subject to the provisions of RCW 69.50.334, suspend or  
38 cancel any license; and all protections of the licensee from criminal  
39 or civil sanctions under state law for producing, processing,  
40 researching, or selling marijuana, marijuana concentrates, useable

1 marijuana, or marijuana-infused products thereunder must be suspended  
2 or terminated, as the case may be.

3 (b) The (~~state liquor and cannabis~~) board must immediately  
4 suspend the license of a person who has been certified pursuant to  
5 RCW 74.20A.320 by the department of social and health services as a  
6 person who is not in compliance with a support order. If the person  
7 has continued to meet all other requirements for reinstatement during  
8 the suspension, reissuance of the license is automatic upon the  
9 (~~state liquor and cannabis~~) board's receipt of a release issued by  
10 the department of social and health services stating that the  
11 licensee is in compliance with the order.

12 (c) The (~~state liquor and cannabis~~) board may request the  
13 appointment of administrative law judges under chapter 34.12 RCW who  
14 shall have power to administer oaths, issue subpoenas for the  
15 attendance of witnesses and the production of papers, books,  
16 accounts, documents, and testimony, examine witnesses, and to receive  
17 testimony in any inquiry, investigation, hearing, or proceeding in  
18 any part of the state, under rules (~~and regulations the state liquor  
19 and cannabis~~) adopted by the board (~~may adopt~~).

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

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

35 (3) Upon receipt of notice of the suspension or cancellation of a  
36 license, the licensee must forthwith deliver up the license to the  
37 (~~state liquor and cannabis~~) board. Where the license has been  
38 suspended only, the (~~state liquor and cannabis~~) board must return  
39 the license to the licensee at the expiration or termination of the  
40 period of suspension. The (~~state liquor and cannabis~~) board must

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

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

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

16 (6) No licensee may employ any person under the age of twenty-one  
17 years.

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

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

39 (c) The written objections must include a statement of all facts  
40 upon which the objections are based, and in case written objections

1 are filed, the city or town or county legislative authority may  
2 request, and the ((~~state liquor and cannabis~~)) board may in its  
3 discretion hold, a hearing subject to the applicable provisions of  
4 Title 34 RCW. If the ((~~state liquor and cannabis~~)) board makes an  
5 initial decision to deny a license or renewal based on the written  
6 objections of an incorporated city or town or county legislative  
7 authority, the applicant may request a hearing subject to the  
8 applicable provisions of Title 34 RCW. If a hearing is held at the  
9 request of the applicant, ((~~state liquor and cannabis~~)) board  
10 representatives must present and defend the ((~~state liquor and~~  
11 ~~cannabis~~)) board's initial decision to deny a license or renewal.

12 (d) Upon the granting of a license under this title the ((~~state~~  
13 ~~liquor and cannabis~~)) board must send written notification to the  
14 chief executive officer of the incorporated city or town in which the  
15 license is granted, or to the county legislative authority if the  
16 license is granted outside the boundaries of incorporated cities or  
17 towns.

18 (8)(a) Except as provided in (b) through (d) of this subsection,  
19 the ((~~state liquor and cannabis~~)) board may not issue a license for  
20 any premises within one thousand feet of the perimeter of the grounds  
21 of any elementary or secondary school, playground, recreation center  
22 or facility, child care center, public park, public transit center,  
23 or library, or any game arcade admission to which is not restricted  
24 to persons aged twenty-one years or older.

25 (b) A city, county, or town may permit the licensing of premises  
26 within one thousand feet but not less than one hundred feet of the  
27 facilities described in (a) of this subsection, except elementary  
28 schools, secondary schools, and playgrounds, by enacting an ordinance  
29 authorizing such distance reduction, provided that such distance  
30 reduction will not negatively impact the jurisdiction's civil  
31 regulatory enforcement, criminal law enforcement interests, public  
32 safety, or public health.

33 (c) A city, county, or town may permit the licensing of research  
34 premises allowed under RCW 69.50.372 within one thousand feet but not  
35 less than one hundred feet of the facilities described in (a) of this  
36 subsection by enacting an ordinance authorizing such distance  
37 reduction, provided that the ordinance will not negatively impact the  
38 jurisdiction's civil regulatory enforcement, criminal law  
39 enforcement, public safety, or public health.

1 (d) The (~~state liquor and cannabis~~) board may license premises  
2 located in compliance with the distance requirements set in an  
3 ordinance adopted under (b) or (c) of this subsection. Before issuing  
4 or renewing a research license for premises within one thousand feet  
5 but not less than one hundred feet of an elementary school, secondary  
6 school, or playground in compliance with an ordinance passed pursuant  
7 to (c) of this subsection, the board must ensure that the facility:

8 (i) Meets a security standard exceeding that which applies to  
9 marijuana producer, processor, or retailer licensees;

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

12 (iii) Bears no advertising or signage indicating that it is a  
13 marijuana research facility.

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

19 (9) A city, town, or county may adopt an ordinance prohibiting a  
20 marijuana producer or marijuana processor from operating or locating  
21 a 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 (~~state liquor and cannabis~~) board must give  
25 substantial weight to objections from an incorporated city or town or  
26 county legislative authority based upon chronic illegal activity  
27 associated with the applicant's operations of the premises proposed  
28 to be licensed or the applicant's operation of any other licensed  
29 premises, or the conduct of the applicant's patrons inside or outside  
30 the licensed premises. "Chronic illegal activity" means (a) a  
31 pervasive pattern of activity that threatens the public health,  
32 safety, and welfare of the city, town, or county including, but not  
33 limited to, open container violations, assaults, disturbances,  
34 disorderly conduct, or other criminal law violations, or as  
35 documented in crime statistics, police reports, emergency medical  
36 response data, calls for service, field data, or similar records of a  
37 law enforcement agency for the city, town, county, or any other  
38 municipal corporation or any state agency; or (b) an unreasonably  
39 high number of citations for violations of RCW 46.61.502 associated  
40 with the applicant's or licensee's operation of any licensed premises



1 as indicated by the reported statements given to law enforcement upon  
2 arrest.

3 **Sec. 59.** RCW 69.50.334 and 2015 2nd sp.s. c 4 s 201 are each  
4 amended to read as follows:

5 (1) The action, order, or decision of the (~~state liquor and~~  
6 ~~cannabis~~) board as to any denial of an application for the  
7 reissuance of a license to produce, process, or sell marijuana, or as  
8 to any revocation, suspension, or modification of any license to  
9 produce, process, or sell marijuana, or as to the administrative  
10 review of a notice of unpaid trust fund taxes under RCW 69.50.565,  
11 must be an adjudicative proceeding and subject to the applicable  
12 provisions of chapter 34.05 RCW.

13 (2) An opportunity for a hearing may be provided to an applicant  
14 for the reissuance of a license prior to the disposition of the  
15 application, and if no opportunity for a prior hearing is provided  
16 then an opportunity for a hearing to reconsider the application must  
17 be provided the applicant.

18 (3) An opportunity for a hearing must be provided to a licensee  
19 prior to a revocation or modification of any license and, except as  
20 provided in subsection (6) of this section, prior to the suspension  
21 of any license.

22 (4) An opportunity for a hearing must be provided to any person  
23 issued a notice of unpaid trust fund taxes under RCW 69.50.565.

24 (5) No hearing may be required under this section until demanded  
25 by the applicant, licensee, or person issued a notice of unpaid trust  
26 fund taxes under RCW 69.50.565.

27 (6) The (~~state liquor and cannabis~~) board may summarily suspend  
28 a license for a period of up to one hundred eighty days without a  
29 prior hearing if it finds that public health, safety, or welfare  
30 imperatively require emergency action, and it incorporates a finding  
31 to that effect in its order. Proceedings for revocation or other  
32 action must be promptly instituted and determined. An administrative  
33 law judge may extend the summary suspension period for up to one  
34 calendar year from the first day of the initial summary suspension in  
35 the event the proceedings for revocation or other action cannot be  
36 completed during the initial one hundred eighty-day period due to  
37 actions by the licensee. The (~~state liquor and cannabis~~) board's  
38 enforcement division shall complete a preliminary staff investigation

1 of the violation before requesting an emergency suspension by the  
2 (~~state liquor and cannabis~~) board.

3 **Sec. 60.** RCW 69.50.339 and 2013 c 3 s 8 are each amended to read  
4 as follows:

5 (1) If the (~~state liquor control~~) board approves, a license to  
6 produce, process, or sell marijuana may be transferred, without  
7 charge, to the surviving spouse or domestic partner of a deceased  
8 licensee if the license was issued in the names of one or both of the  
9 parties. For the purpose of considering the qualifications of the  
10 surviving party to receive a marijuana producer's, marijuana  
11 processor's, or marijuana retailer's license, the (~~state liquor  
12 control~~) board may require a criminal history record information  
13 check. The (~~state liquor control~~) board may submit the criminal  
14 history record information check to the Washington state patrol and  
15 to the identification division of the federal bureau of investigation  
16 in order that these agencies may search their records for prior  
17 arrests and convictions of the individual or individuals who filled  
18 out the forms. The (~~state liquor control~~) board shall require  
19 fingerprinting of any applicant whose criminal history record  
20 information check is submitted to the federal bureau of  
21 investigation.

22 (2) The proposed sale of more than ten percent of the outstanding  
23 or issued stock of a corporation licensed under chapter 3, Laws of  
24 2013, or any proposed change in the officers of such a corporation,  
25 must be reported to the (~~state liquor control~~) board, and (~~state  
26 liquor control~~) board approval must be obtained before the changes  
27 are made. A fee of seventy-five dollars will be charged for the  
28 processing of the change of stock ownership or corporate officers.

29 **Sec. 61.** RCW 69.50.342 and 2015 2nd sp.s. c 4 s 1601 are each  
30 amended to read as follows:

31 (1) For the purpose of carrying into effect the provisions of  
32 chapter 3, Laws of 2013 according to their true intent or of  
33 supplying any deficiency therein, the (~~state liquor and cannabis~~)  
34 board may adopt rules not inconsistent with the spirit of chapter 3,  
35 Laws of 2013 as are deemed necessary or advisable. Without limiting  
36 the generality of the preceding sentence, the (~~state liquor and  
37 cannabis~~) board (~~is empowered to~~) may adopt rules regarding the  
38 following:

1 (a) The equipment and management of retail outlets and premises  
2 where marijuana is produced or processed, and inspection of the  
3 retail outlets and premises where marijuana is produced or processed;

4 (b) The books and records to be created and maintained by  
5 licensees, the reports to be made thereon to the (~~state liquor and~~  
6 ~~cannabis~~) board, and inspection of the books and records;

7 (c) Methods of producing, processing, and packaging marijuana,  
8 useable marijuana, marijuana concentrates, and marijuana-infused  
9 products; conditions of sanitation; safe handling requirements;  
10 approved pesticides and pesticide testing requirements; and standards  
11 of ingredients, quality, and identity of marijuana, useable  
12 marijuana, marijuana concentrates, and marijuana-infused products  
13 produced, processed, packaged, or sold by licensees;

14 (d) Security requirements for retail outlets and premises where  
15 marijuana is produced or processed, and safety protocols for  
16 licensees and their employees;

17 (e) Screening, hiring, training, and supervising employees of  
18 licensees;

19 (f) Retail outlet locations and hours of operation;

20 (g) Labeling requirements and restrictions on advertisement of  
21 marijuana, useable marijuana, marijuana concentrates, cannabis health  
22 and beauty aids, and marijuana-infused products for sale in retail  
23 outlets;

24 (h) Forms to be used for purposes of this chapter and chapter  
25 69.51A RCW or the rules adopted to implement and enforce these  
26 chapters, the terms and conditions to be contained in licenses issued  
27 under this chapter and chapter 69.51A RCW, and the qualifications for  
28 receiving a license issued under this chapter and chapter 69.51A RCW,  
29 including a criminal history record information check. The (~~state~~  
30 ~~liquor and cannabis~~) board may submit any criminal history record  
31 information check to the Washington state patrol and to the  
32 identification division of the federal bureau of investigation in  
33 order that these agencies may search their records for prior arrests  
34 and convictions of the individual or individuals who filled out the  
35 forms. The (~~state liquor and cannabis~~) board must require  
36 fingerprinting of any applicant whose criminal history record  
37 information check is submitted to the federal bureau of  
38 investigation;

39 (i) Application, reinstatement, and renewal fees for licenses  
40 issued under this chapter and chapter 69.51A RCW, and fees for

1 anything done or permitted to be done under the rules adopted to  
2 implement and enforce this chapter and chapter 69.51A RCW;

3 (j) The manner of giving and serving notices required by this  
4 chapter and chapter 69.51A RCW or rules adopted to implement or  
5 enforce these chapters;

6 (k) Times and periods when, and the manner, methods, and means by  
7 which, licensees transport and deliver marijuana, marijuana  
8 concentrates, useable marijuana, and marijuana-infused products  
9 within the state;

10 (l) Identification, seizure, confiscation, destruction, or  
11 donation to law enforcement for training purposes of all marijuana,  
12 marijuana concentrates, useable marijuana, and marijuana-infused  
13 products produced, processed, sold, or offered for sale within this  
14 state which do not conform in all respects to the standards  
15 prescribed by this chapter or chapter 69.51A RCW or the rules adopted  
16 to implement and enforce these chapters.

17 (2) Rules adopted on retail outlets holding medical marijuana  
18 endorsements must be adopted in coordination and consultation with  
19 the department.

20 **Sec. 62.** RCW 69.50.345 and 2018 c 43 s 2 are each amended to  
21 read as follows:

22 The (~~state liquor and cannabis~~) board, subject to the  
23 provisions of this chapter, must adopt rules that establish the  
24 procedures and criteria necessary to implement the following:

25 (1) Licensing of marijuana producers, marijuana processors, and  
26 marijuana retailers, including prescribing forms and establishing  
27 application, reinstatement, and renewal fees.

28 (a) Application forms for marijuana producers must request the  
29 applicant to state whether the applicant intends to produce marijuana  
30 for sale by marijuana retailers holding medical marijuana  
31 endorsements and the amount of or percentage of canopy the applicant  
32 intends to commit to growing plants determined by the department  
33 under RCW 69.50.375 to be of a THC concentration, CBD concentration,  
34 or THC to CBD ratio appropriate for marijuana concentrates, useable  
35 marijuana, or marijuana-infused products sold to qualifying patients.

36 (b) The (~~state liquor and cannabis~~) board must reconsider and  
37 increase limits on the amount of square feet permitted to be in  
38 production on July 24, 2015, and increase the percentage of  
39 production space for those marijuana producers who intend to grow

1 plants for marijuana retailers holding medical marijuana endorsements  
2 if the marijuana producer designates the increased production space  
3 to plants determined by the department under RCW 69.50.375 to be of a  
4 THC concentration, CBD concentration, or THC to CBD ratio appropriate  
5 for marijuana concentrates, useable marijuana, or marijuana-infused  
6 products to be sold to qualifying patients. If current marijuana  
7 producers do not use all the increased production space, the ((~~state~~  
8 ~~liquor and cannabis~~)) board may reopen the license period for new  
9 marijuana producer license applicants but only to those marijuana  
10 producers who agree to grow plants for marijuana retailers holding  
11 medical marijuana endorsements. Priority in licensing must be given  
12 to marijuana producer license applicants who have an application  
13 pending on July 24, 2015, but who are not yet licensed and then to  
14 new marijuana producer license applicants. After January 1, 2017, any  
15 reconsideration of the limits on the amount of square feet permitted  
16 to be in production to meet the medical needs of qualifying patients  
17 must consider information contained in the medical marijuana  
18 authorization database established in RCW 69.51A.230;

19 (2) Determining, in consultation with the office of financial  
20 management, the maximum number of retail outlets that may be licensed  
21 in each county, taking into consideration:

22 (a) Population distribution;

23 (b) Security and safety issues;

24 (c) The provision of adequate access to licensed sources of  
25 marijuana concentrates, useable marijuana, and marijuana-infused  
26 products to discourage purchases from the illegal market; and

27 (d) The number of retail outlets holding medical marijuana  
28 endorsements necessary to meet the medical needs of qualifying  
29 patients. The ((~~state liquor and cannabis~~)) board must reconsider and  
30 increase the maximum number of retail outlets it established before  
31 July 24, 2015, and allow for a new license application period and a  
32 greater number of retail outlets to be permitted in order to  
33 accommodate the medical needs of qualifying patients and designated  
34 providers. After January 1, 2017, any reconsideration of the maximum  
35 number of retail outlets needed to meet the medical needs of  
36 qualifying patients must consider information contained in the  
37 medical marijuana authorization database established in RCW  
38 69.51A.230;

1 (3) Determining the maximum quantity of marijuana a marijuana  
2 producer may have on the premises of a licensed location at any time  
3 without violating Washington state law;

4 (4) Determining the maximum quantities of marijuana, marijuana  
5 concentrates, useable marijuana, and marijuana-infused products a  
6 marijuana processor may have on the premises of a licensed location  
7 at any time without violating Washington state law;

8 (5) Determining the maximum quantities of marijuana concentrates,  
9 useable marijuana, and marijuana-infused products a marijuana  
10 retailer may have on the premises of a retail outlet at any time  
11 without violating Washington state law;

12 (6) In making the determinations required by this section, the  
13 (~~state liquor and cannabis~~) board shall take into consideration:

14 (a) Security and safety issues;

15 (b) The provision of adequate access to licensed sources of  
16 marijuana, marijuana concentrates, useable marijuana, and marijuana-  
17 infused products to discourage purchases from the illegal market; and

18 (c) Economies of scale, and their impact on licensees' ability to  
19 both comply with regulatory requirements and undercut illegal market  
20 prices;

21 (7) Determining the nature, form, and capacity of all containers  
22 to be used by licensees to contain marijuana, marijuana concentrates,  
23 useable marijuana, and marijuana-infused products, and their labeling  
24 requirements, to include but not be limited to:

25 (a) The business or trade name and Washington state unified  
26 business identifier number of the licensees that produced and  
27 processed the marijuana, marijuana concentrates, useable marijuana,  
28 or marijuana-infused product;

29 (b) Lot numbers of the marijuana, marijuana concentrates, useable  
30 marijuana, or marijuana-infused product;

31 (c) THC concentration and CBD concentration of the marijuana,  
32 marijuana concentrates, useable marijuana, or marijuana-infused  
33 product;

34 (d) Medically and scientifically accurate information about the  
35 health and safety risks posed by marijuana use; and

36 (e) Language required by RCW 69.04.480;

37 (8) In consultation with the department of agriculture and the  
38 department, establishing classes of marijuana, marijuana  
39 concentrates, useable marijuana, and marijuana-infused products  
40 according to grade, condition, cannabinoid profile, THC

1 concentration, CBD concentration, or other qualitative measurements  
2 deemed appropriate by the (~~state liquor and cannabis~~) board;

3 (9) Establishing reasonable time, place, and manner restrictions  
4 and requirements regarding advertising of marijuana, marijuana  
5 concentrates, useable marijuana, and marijuana-infused products that  
6 are not inconsistent with the provisions of this chapter, taking into  
7 consideration:

8 (a) Federal laws relating to marijuana that are applicable within  
9 Washington state;

10 (b) Minimizing exposure of people under twenty-one years of age  
11 to the advertising;

12 (c) The inclusion of medically and scientifically accurate  
13 information about the health and safety risks posed by marijuana use  
14 in the advertising; and

15 (d) Ensuring that retail outlets with medical marijuana  
16 endorsements may advertise themselves as medical retail outlets;

17 (10) Specifying and regulating the time and periods when, and the  
18 manner, methods, and means by which, licensees shall transport and  
19 deliver marijuana, marijuana concentrates, useable marijuana, and  
20 marijuana-infused products within the state;

21 (11) In consultation with the department and the department of  
22 agriculture, establishing accreditation requirements for testing  
23 laboratories used by licensees to demonstrate compliance with  
24 standards adopted by the (~~state liquor and cannabis~~) board, and  
25 prescribing methods of producing, processing, and packaging  
26 marijuana, marijuana concentrates, useable marijuana, and marijuana-  
27 infused products; conditions of sanitation; and standards of  
28 ingredients, quality, and identity of marijuana, marijuana  
29 concentrates, useable marijuana, and marijuana-infused products  
30 produced, processed, packaged, or sold by licensees;

31 (12) Specifying procedures for identifying, seizing,  
32 confiscating, destroying, and donating to law enforcement for  
33 training purposes all marijuana, marijuana concentrates, useable  
34 marijuana, and marijuana-infused products produced, processed,  
35 packaged, labeled, or offered for sale in this state that do not  
36 conform in all respects to the standards prescribed by this chapter  
37 or the rules of the (~~state liquor and cannabis~~) board.

38 **Sec. 63.** RCW 69.50.348 and 2013 c 3 s 11 are each amended to  
39 read as follows:

1 (1) On a schedule determined by the (~~state liquor control~~)  
2 board, every licensed marijuana producer and processor must submit  
3 representative samples of marijuana, useable marijuana, or marijuana-  
4 infused products produced or processed by the licensee to an  
5 independent, third-party testing laboratory meeting the accreditation  
6 requirements established by the (~~state liquor control~~) board, for  
7 inspection and testing to certify compliance with standards adopted  
8 by the (~~state liquor control~~) board. Any sample remaining after  
9 testing shall be destroyed by the laboratory or returned to the  
10 licensee.

11 (2) Licensees must submit the results of this inspection and  
12 testing to the (~~state liquor control~~) board on a form developed by  
13 the (~~state liquor control~~) board.

14 (3) If a representative sample inspected and tested under this  
15 section does not meet the applicable standards adopted by the (~~state  
16 liquor control~~) board, the entire lot from which the sample was  
17 taken must be destroyed.

18 **Sec. 64.** RCW 69.50.351 and 2013 c 3 s 12 are each amended to  
19 read as follows:

20 Except as provided by chapter 42.52 RCW, no member of the (~~state  
21 liquor control~~) board and no employee of the (~~state liquor  
22 control~~) board shall have any interest, directly or indirectly, in  
23 the producing, processing, or sale of marijuana, useable marijuana,  
24 or marijuana-infused products, or derive any profit or remuneration  
25 from the sale of marijuana, useable marijuana, or marijuana-infused  
26 products other than the salary or wages payable to him or her in  
27 respect of his or her office or position, and shall receive no  
28 gratuity from any person in connection with the business.

29 **Sec. 65.** RCW 69.50.354 and 2015 c 70 s 9 are each amended to  
30 read as follows:

31 There may be licensed, in no greater number in each of the  
32 counties of the state than as the (~~state liquor and cannabis~~) board  
33 shall deem advisable, retail outlets established for the purpose of  
34 making marijuana concentrates, useable marijuana, and marijuana-  
35 infused products available for sale to adults aged twenty-one and  
36 over. Retail sale of marijuana concentrates, useable marijuana, and  
37 marijuana-infused products in accordance with the provisions of this  
38 chapter and the rules adopted to implement and enforce it, by a



1 validly licensed marijuana retailer or retail outlet employee, shall  
2 not be a criminal or civil offense under Washington state law.

3 **Sec. 66.** RCW 69.50.357 and 2017 c 317 s 13 and 2017 c 131 s 1  
4 are each reenacted and amended to read as follows:

5 (1)(a) Retail outlets may not sell products or services other  
6 than marijuana concentrates, useable marijuana, marijuana-infused  
7 products, or paraphernalia intended for the storage or use of  
8 marijuana concentrates, useable marijuana, or marijuana-infused  
9 products.

10 (b)(i) Retail outlets may receive lockable boxes, intended for  
11 the secure storage of marijuana products and paraphernalia, and  
12 related literature as a donation from another person or entity, that  
13 is not a marijuana producer, processor, or retailer, for donation to  
14 their customers.

15 (ii) Retail outlets may donate the lockable boxes and provide the  
16 related literature to any person eligible to purchase marijuana  
17 products under subsection (2) of this section. Retail outlets may not  
18 use the donation of lockable boxes or literature as an incentive or  
19 as a condition of a recipient's purchase of a marijuana product or  
20 paraphernalia.

21 (iii) Retail outlets may also purchase and sell lockable boxes,  
22 provided that the sales price is not less than the cost of  
23 acquisition.

24 (2) Licensed marijuana retailers may not employ persons under  
25 twenty-one years of age or allow persons under twenty-one years of  
26 age to enter or remain on the premises of a retail outlet. However,  
27 qualifying patients between eighteen and twenty-one years of age with  
28 a recognition card may enter and remain on the premises of a retail  
29 outlet holding a medical marijuana endorsement and may purchase  
30 products for their personal medical use. Qualifying patients who are  
31 under the age of eighteen with a recognition card and who accompany  
32 their designated providers may enter and remain on the premises of a  
33 retail outlet holding a medical marijuana endorsement, but may not  
34 purchase products for their personal medical use.

35 (3)(a) Licensed marijuana retailers must ensure that all  
36 employees are trained on the rules adopted to implement this chapter,  
37 identification of persons under the age of twenty-one, and other  
38 requirements adopted by the ((state liquor and cannabis)) board to

1 ensure that persons under the age of twenty-one are not permitted to  
2 enter or remain on the premises of a retail outlet.

3 (b) Licensed marijuana retailers with a medical marijuana  
4 endorsement must ensure that all employees are trained on the  
5 subjects required by (a) of this subsection as well as identification  
6 of authorizations and recognition cards. Employees must also be  
7 trained to permit qualifying patients who hold recognition cards and  
8 are between the ages of eighteen and twenty-one to enter the premises  
9 and purchase marijuana for their personal medical use and to permit  
10 qualifying patients who are under the age of eighteen with a  
11 recognition card to enter the premises if accompanied by their  
12 designated providers.

13 (4) Except for the purposes of disposal as authorized by the  
14 (~~state liquor and cannabis~~) board, no licensed marijuana retailer  
15 or employee of a retail outlet may open or consume, or allow to be  
16 opened or consumed, any marijuana concentrates, useable marijuana, or  
17 marijuana-infused product on the outlet premises.

18 (5) The (~~state liquor and cannabis~~) board must fine a licensee  
19 one thousand dollars for each violation of any subsection of this  
20 section. Fines collected under this section must be deposited into  
21 the dedicated marijuana account created under RCW 69.50.530.

22 **Sec. 67.** RCW 69.50.360 and 2015 c 207 s 6 and 2015 c 70 s 13 are  
23 each reenacted and amended to read as follows:

24 The following acts, when performed by a validly licensed  
25 marijuana retailer or employee of a validly licensed retail outlet in  
26 compliance with rules adopted by the (~~state liquor and cannabis~~)  
27 board to implement and enforce chapter 3, Laws of 2013, do not  
28 constitute criminal or civil offenses under Washington state law:

29 (1) Purchase and receipt of marijuana concentrates, useable  
30 marijuana, or marijuana-infused products that have been properly  
31 packaged and labeled from a marijuana processor validly licensed  
32 under this chapter;

33 (2) Possession of quantities of marijuana concentrates, useable  
34 marijuana, or marijuana-infused products that do not exceed the  
35 maximum amounts established by the (~~state liquor and cannabis~~)  
36 board under RCW 69.50.345(5);

37 (3) Delivery, distribution, and sale, on the premises of the  
38 retail outlet, of any combination of the following amounts of

1 marijuana concentrates, useable marijuana, or marijuana-infused  
2 product to any person twenty-one years of age or older:

3 (a) One ounce of useable marijuana;

4 (b) Sixteen ounces of marijuana-infused product in solid form;

5 (c) Seventy-two ounces of marijuana-infused product in liquid  
6 form; or

7 (d) Seven grams of marijuana concentrate; and

8 (4) Purchase and receipt of marijuana concentrates, useable  
9 marijuana, or marijuana-infused products that have been properly  
10 packaged and labeled from a federally recognized Indian tribe as  
11 permitted under an agreement between the state and the tribe entered  
12 into under RCW 43.06.490.

13 **Sec. 68.** RCW 69.50.363 and 2015 c 207 s 7 are each amended to  
14 read as follows:

15 The following acts, when performed by a validly licensed  
16 marijuana processor or employee of a validly licensed marijuana  
17 processor in compliance with rules adopted by the (~~state liquor~~  
18 ~~control~~) board to implement and enforce chapter 3, Laws of 2013, do  
19 not constitute criminal or civil offenses under Washington state law:

20 (1) Purchase and receipt of marijuana that has been properly  
21 packaged and labeled from a marijuana producer validly licensed under  
22 chapter 3, Laws of 2013;

23 (2) Possession, processing, packaging, and labeling of quantities  
24 of marijuana, useable marijuana, and marijuana-infused products that  
25 do not exceed the maximum amounts established by the (~~state liquor~~  
26 ~~control~~) board under RCW 69.50.345(4);

27 (3) Delivery, distribution, and sale of useable marijuana or  
28 marijuana-infused products to a marijuana retailer validly licensed  
29 under chapter 3, Laws of 2013; and

30 (4) Delivery, distribution, and sale of useable marijuana,  
31 marijuana concentrates, or marijuana-infused products to a federally  
32 recognized Indian tribe as permitted under an agreement between the  
33 state and the tribe entered into under RCW 43.06.490.

34 **Sec. 69.** RCW 69.50.366 and 2017 c 317 s 6 are each amended to  
35 read as follows:

36 The following acts, when performed by a validly licensed  
37 marijuana producer or employee of a validly licensed marijuana  
38 producer in compliance with rules adopted by the (~~state liquor and~~

1 ~~cannabis~~) board to implement and enforce this chapter, do not  
2 constitute criminal or civil offenses under Washington state law:

3 (1) Production or possession of quantities of marijuana that do  
4 not exceed the maximum amounts established by the (~~state liquor and~~  
5 ~~cannabis~~) board under RCW 69.50.345(3);

6 (2) Delivery, distribution, and sale of marijuana to a marijuana  
7 processor or another marijuana producer validly licensed under this  
8 chapter;

9 (3) Delivery, distribution, and sale of immature plants or clones  
10 and marijuana seeds to a licensed marijuana researcher, and to  
11 receive or purchase immature plants or clones and seeds from a  
12 licensed marijuana researcher; and

13 (4) Delivery, distribution, and sale of marijuana or useable  
14 marijuana to a federally recognized Indian tribe as permitted under  
15 an agreement between the state and the tribe entered into under RCW  
16 43.06.490.

17 **Sec. 70.** RCW 69.50.369 and 2017 c 317 s 14 are each amended to  
18 read as follows:

19 (1) No licensed marijuana producer, processor, researcher, or  
20 retailer may place or maintain, or cause to be placed or maintained,  
21 any sign or other advertisement for a marijuana business or marijuana  
22 product, including useable marijuana, marijuana concentrates, or  
23 marijuana-infused product, in any form or through any medium  
24 whatsoever within one thousand feet of the perimeter of a school  
25 grounds, playground, recreation center or facility, child care  
26 center, public park, or library, or any game arcade admission to  
27 which is not restricted to persons aged twenty-one years or older.

28 (2) Except for the use of billboards as authorized under this  
29 section, licensed marijuana retailers may not display any signage  
30 outside of the licensed premises, other than two signs identifying  
31 the retail outlet by the licensee's business or trade name, stating  
32 the location of the business, and identifying the nature of the  
33 business. Each sign must be no larger than one thousand six hundred  
34 square inches and be permanently affixed to a building or other  
35 structure. The location and content of the retail marijuana signs  
36 authorized under this subsection are subject to all other  
37 requirements and restrictions established in this section for indoor  
38 signs, outdoor signs, and other marijuana-related advertising  
39 methods.

1 (3) A marijuana licensee may not utilize transit advertisements  
2 for the purpose of advertising its business or product line. "Transit  
3 advertisements" means advertising on or within private or public  
4 vehicles and all advertisements placed at, on, or within any bus  
5 stop, taxi stand, transportation waiting area, train station,  
6 airport, or any similar transit-related location.

7 (4) A marijuana licensee may not engage in advertising or other  
8 marketing practice that specifically targets persons residing outside  
9 of the state of Washington.

10 (5) All signs, billboards, or other print advertising for  
11 marijuana businesses or marijuana products must contain text stating  
12 that marijuana products may be purchased or possessed only by persons  
13 twenty-one years of age or older.

14 (6) A marijuana licensee may not:

15 (a) Take any action, directly or indirectly, to target youth in  
16 the advertising, promotion, or marketing of marijuana and marijuana  
17 products, or take any action the primary purpose of which is to  
18 initiate, maintain, or increase the incidence of youth use of  
19 marijuana or marijuana products;

20 (b) Use objects such as toys or inflatables, movie or cartoon  
21 characters, or any other depiction or image likely to be appealing to  
22 youth, where such objects, images, or depictions indicate an intent  
23 to cause youth to become interested in the purchase or consumption of  
24 marijuana products; or

25 (c) Use or employ a commercial mascot outside of, and in  
26 proximity to, a licensed marijuana business. A "commercial mascot"  
27 means live human being, animal, or mechanical device used for  
28 attracting the attention of motorists and passersby so as to make  
29 them aware of marijuana products or the presence of a marijuana  
30 business. Commercial mascots include, but are not limited to,  
31 inflatable tube displays, persons in costume, or wearing, holding, or  
32 spinning a sign with a marijuana-related commercial message or image,  
33 where the intent is to draw attention to a marijuana business or its  
34 products.

35 (7) A marijuana licensee that engages in outdoor advertising is  
36 subject to the advertising requirements and restrictions set forth in  
37 this subsection (7) and elsewhere in this chapter.

38 (a) All outdoor advertising signs, including billboards, are  
39 limited to text that identifies the retail outlet by the licensee's  
40 business or trade name, states the location of the business, and

1 identifies the type or nature of the business. Such signs may not  
2 contain any depictions of marijuana plants, marijuana products, or  
3 images that might be appealing to children. The (~~state liquor and~~  
4 ~~cannabis~~) board is granted rule-making authority to regulate the  
5 text and images that are permissible on outdoor advertising. Such  
6 rule making must be consistent with other administrative rules  
7 generally applicable to the advertising of marijuana businesses and  
8 products.

9 (b) Outdoor advertising is prohibited:

10 (i) On signs and placards in arenas, stadiums, shopping malls,  
11 fairs that receive state allocations, farmers markets, and video game  
12 arcades, whether any of the foregoing are open air or enclosed, but  
13 not including any such sign or placard located in an adult only  
14 facility; and

15 (ii) Billboards that are visible from any street, road, highway,  
16 right-of-way, or public parking area are prohibited, except as  
17 provided in (c) of this subsection.

18 (c) Licensed retail outlets may use a billboard or outdoor sign  
19 solely for the purpose of identifying the name of the business, the  
20 nature of the business, and providing the public with directional  
21 information to the licensed retail outlet. Billboard advertising is  
22 subject to the same requirements and restrictions as set forth in (a)  
23 of this subsection.

24 (d) Advertising signs within the premises of a retail marijuana  
25 business outlet that are visible to the public from outside the  
26 premises must meet the signage regulations and requirements  
27 applicable to outdoor signs as set forth in this section.

28 (e) The restrictions and regulations applicable to outdoor  
29 advertising under this section are not applicable to:

30 (i) An advertisement inside a licensed retail establishment that  
31 sells marijuana products that is not placed on the inside surface of  
32 a window facing outward; or

33 (ii) An outdoor advertisement at the site of an event to be held  
34 at an adult only facility that is placed at such site during the  
35 period the facility or enclosed area constitutes an adult only  
36 facility, but in no event more than fourteen days before the event,  
37 and that does not advertise any marijuana product other than by using  
38 a brand name to identify the event.

39 (8) Merchandising within a retail outlet is not advertising for  
40 the purposes of this section.

1 (9) This section does not apply to a noncommercial message.

2 (10) (a) The (~~state liquor and cannabis~~) board must:

3 (i) Adopt rules implementing this section and specifically  
4 including provisions regulating the billboards and outdoor signs  
5 authorized under this section; and

6 (ii) Fine a licensee one thousand dollars for each violation of  
7 this section until the (~~state liquor and cannabis~~) board adopts  
8 rules prescribing penalties for violations of this section. The rules  
9 must establish escalating penalties including fines and up to  
10 suspension or revocation of a marijuana license for subsequent  
11 violations.

12 (b) Fines collected under this subsection must be deposited into  
13 the dedicated marijuana account created under RCW 69.50.530.

14 (11) A city, town, or county may adopt rules of outdoor  
15 advertising by licensed marijuana retailers that are more restrictive  
16 than the advertising restrictions imposed under this chapter.  
17 Enforcement of restrictions to advertising by a city, town, or county  
18 is the responsibility of the city, town, or county.

19 **Sec. 71.** RCW 69.50.372 and 2017 c 317 s 3 and 2017 c 316 s 3 are  
20 each reenacted and amended to read as follows:

21 (1) A marijuana research license is established that permits a  
22 licensee to produce, process, and possess marijuana for the following  
23 limited research purposes:

24 (a) To test chemical potency and composition levels;

25 (b) To conduct clinical investigations of marijuana-derived drug  
26 products;

27 (c) To conduct research on the efficacy and safety of  
28 administering marijuana as part of medical treatment; and

29 (d) To conduct genomic or agricultural research.

30 (2) As part of the application process for a marijuana research  
31 license, an applicant must submit to the (~~liquor and cannabis~~)  
32 board's designated scientific reviewer a description of the research  
33 that is intended to be conducted. The (~~liquor and cannabis~~) board  
34 must select a scientific reviewer to review an applicant's research  
35 project and determine that it meets the requirements of subsection  
36 (1) of this section, as well as assess the following:

37 (a) Project quality, study design, value, or impact;

1 (b) Whether applicants have the appropriate personnel, expertise,  
2 facilities/infrastructure, funding, and human/animal/other federal  
3 approvals in place to successfully conduct the project; and

4 (c) Whether the amount of marijuana to be grown by the applicant  
5 is consistent with the project's scope and goals.

6 If the scientific reviewer determines that the research project  
7 does not meet the requirements of subsection (1) of this section, the  
8 application must be denied.

9 (3) A marijuana research licensee may only sell marijuana grown  
10 or within its operation to other marijuana research licensees. The  
11 (~~liquor and cannabis~~) board may revoke a marijuana research license  
12 for violations of this subsection.

13 (4) A marijuana research licensee may contract with the  
14 University of Washington or Washington State University to perform  
15 research in conjunction with the university. All research projects,  
16 not including those projects conducted pursuant to a contract entered  
17 into under RCW 28B.20.502(3), must be approved by the scientific  
18 reviewer and meet the requirements of subsection (1) of this section.

19 (5) In establishing a marijuana research license, the (~~liquor  
20 and cannabis~~) board may adopt rules on the following:

21 (a) Application requirements;

22 (b) Marijuana research license renewal requirements, including  
23 whether additional research projects may be added or considered;

24 (c) Conditions for license revocation;

25 (d) Security measures to ensure marijuana is not diverted to  
26 purposes other than research;

27 (e) Amount of plants, useable marijuana, marijuana concentrates,  
28 or marijuana-infused products a licensee may have on its premises;

29 (f) Licensee reporting requirements;

30 (g) Conditions under which marijuana grown by licensed marijuana  
31 producers and other product types from licensed marijuana processors  
32 may be donated to marijuana research licensees; and

33 (h) Additional requirements deemed necessary by the (~~liquor and  
34 cannabis~~) board.

35 (6) The production, processing, possession, delivery, donation,  
36 and sale of marijuana, including immature plants or clones and seeds,  
37 in accordance with this section, RCW 69.50.366(3), and the rules  
38 adopted to implement and enforce this section and RCW 69.50.366(3),  
39 by a validly licensed marijuana researcher, shall not be a criminal  
40 or civil offense under Washington state law. Every marijuana research



1 license must be issued in the name of the applicant, must specify the  
2 location at which the marijuana researcher intends to operate, which  
3 must be within the state of Washington, and the holder thereof may  
4 not allow any other person to use the license.

5 (7) The application fee for a marijuana research license is two  
6 hundred fifty dollars. The annual fee for issuance and renewal of a  
7 marijuana research license is one thousand three hundred dollars. The  
8 applicant must pay the cost of the review process directly to the  
9 scientific reviewer as designated by the ((~~liquor and cannabis~~))  
10 board.

11 (8) The scientific reviewer shall review any reports made by  
12 marijuana research licensees under ((~~liquor and cannabis~~)) board rule  
13 and provide the ((~~liquor and cannabis~~)) board with its determination  
14 on whether the research project continues to meet research  
15 qualifications under this section.

16 (9) For the purposes of this section, "scientific reviewer" means  
17 an organization that convenes or contracts with persons who have the  
18 training and experience in research practice and research methodology  
19 to determine whether a project meets the criteria for a marijuana  
20 research license under this section and to review any reports  
21 submitted by marijuana research licensees under ((~~liquor and~~  
22 ~~cannabis~~)) board rule. "Scientific reviewers" include, but are not  
23 limited to, educational institutions, research institutions, peer  
24 review bodies, or such other organizations that are focused on  
25 science or research in its day-to-day activities.

26 **Sec. 72.** RCW 69.50.375 and 2015 c 70 s 10 are each amended to  
27 read as follows:

28 (1) A medical marijuana endorsement to a marijuana retail license  
29 is hereby established to permit a marijuana retailer to sell  
30 marijuana for medical use to qualifying patients and designated  
31 providers. This endorsement also permits such retailers to provide  
32 marijuana at no charge, at their discretion, to qualifying patients  
33 and designated providers.

34 (2) An applicant may apply for a medical marijuana endorsement  
35 concurrently with an application for a marijuana retail license.

36 (3) To be issued an endorsement, a marijuana retailer must:

37 (a) Not authorize the medical use of marijuana for qualifying  
38 patients at the retail outlet or permit health care professionals to

1 authorize the medical use of marijuana for qualifying patients at the  
2 retail outlet;

3 (b) Carry marijuana concentrates and marijuana-infused products  
4 identified by the department under subsection (4) of this section;

5 (c) Not use labels or market marijuana concentrates, useable  
6 marijuana, or marijuana-infused products in a way that make them  
7 intentionally attractive to minors;

8 (d) Demonstrate the ability to enter qualifying patients and  
9 designated providers in the medical marijuana authorization database  
10 established in RCW 69.51A.230 and issue recognition cards and agree  
11 to enter qualifying patients and designated providers into the  
12 database and issue recognition cards in compliance with department  
13 standards;

14 (e) Keep copies of the qualifying patient's or designated  
15 provider's recognition card, or keep equivalent records as required  
16 by rule of the (~~state liquor and cannabis~~) board or the department  
17 of revenue to document the validity of tax exempt sales; and

18 (f) Meet other requirements as adopted by rule of the department  
19 or the (~~state liquor and cannabis~~) board.

20 (4) The department, in conjunction with the (~~state liquor and~~  
21 ~~cannabis~~) board, must adopt rules on requirements for marijuana  
22 concentrates, useable marijuana, and marijuana-infused products that  
23 may be sold, or provided at no charge, to qualifying patients or  
24 designated providers at a retail outlet holding a medical marijuana  
25 endorsement. These rules must include:

26 (a) THC concentration, CBD concentration, or low THC, high CBD  
27 ratios appropriate for marijuana concentrates, useable marijuana, or  
28 marijuana-infused products sold to qualifying patients or designated  
29 providers;

30 (b) Labeling requirements including that the labels attached to  
31 marijuana concentrates, useable marijuana, or marijuana-infused  
32 products contain THC concentration, CBD concentration, and THC to CBD  
33 ratios;

34 (c) Other product requirements, including any additional mold,  
35 fungus, or pesticide testing requirements, or limitations to the  
36 types of solvents that may be used in marijuana processing that the  
37 department deems necessary to address the medical needs of qualifying  
38 patients;

39 (d) Safe handling requirements for marijuana concentrates,  
40 useable marijuana, or marijuana-infused products; and

1 (e) Training requirements for employees.

2 (5) A marijuana retailer holding an endorsement to sell marijuana  
3 to qualifying patients or designated providers must train its  
4 employees on:

5 (a) Procedures regarding the recognition of valid authorizations  
6 and the use of equipment to enter qualifying patients and designated  
7 providers into the medical marijuana authorization database;

8 (b) Recognition of valid recognition cards; and

9 (c) Recognition of strains, varieties, THC concentration, CBD  
10 concentration, and THC to CBD ratios of marijuana concentrates,  
11 useable marijuana, and marijuana-infused products, available for sale  
12 when assisting qualifying patients and designated providers at the  
13 retail outlet.

14 **Sec. 73.** RCW 69.50.380 and 2015 2nd sp.s. c 4 s 211 are each  
15 amended to read as follows:

16 (1) Marijuana producers, processors, and retailers are prohibited  
17 from making sales of any marijuana or marijuana product, if the sale  
18 of the marijuana or marijuana product is conditioned upon the buyer's  
19 purchase of any service or nonmarijuana product. This subsection  
20 applies whether the buyer purchases such service or nonmarijuana  
21 product at the time of sale of the marijuana or marijuana product, or  
22 in a separate transaction.

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

25 (a) "Marijuana product" means "useable marijuana," "marijuana  
26 concentrates," and "marijuana-infused products," as those terms are  
27 defined in RCW 69.50.101.

28 (b) "Nonmarijuana product" includes paraphernalia, promotional  
29 items, lighters, bags, boxes, containers, and such other items as may  
30 be identified by the ((~~state liquor and cannabis~~)) board.

31 (c) "Selling price" has the same meaning as in RCW 69.50.535.

32 (d) "Service" includes memberships and any other services  
33 identified by the ((~~state liquor and cannabis~~)) board.

34 **Sec. 74.** RCW 69.50.382 and 2017 c 317 s 7 are each amended to  
35 read as follows:

36 (1) A licensed marijuana producer, marijuana processor, marijuana  
37 researcher, or marijuana retailer, or their employees, in accordance  
38 with the requirements of this chapter and the administrative rules

1 adopted thereunder, may use the services of a common carrier subject  
2 to regulation under chapters 81.28 and 81.29 RCW and licensed in  
3 compliance with the regulations established under RCW 69.50.385, to  
4 physically transport or deliver, as authorized under this chapter,  
5 marijuana, useable marijuana, marijuana concentrates, immature plants  
6 or clones, marijuana seeds, and marijuana-infused products between  
7 licensed marijuana businesses located within the state.

8 (2) An employee of a common carrier engaged in marijuana-related  
9 transportation or delivery services authorized under subsection (1)  
10 of this section is prohibited from carrying or using a firearm during  
11 the course of providing such services, unless:

12 (a) Pursuant to RCW 69.50.385, the (~~state liquor and cannabis~~)  
13 board explicitly authorizes the carrying or use of firearms by such  
14 employee while engaged in the transportation or delivery services;

15 (b) The employee has an armed private security guard license  
16 issued pursuant to RCW 18.170.040; and

17 (c) The employee is in full compliance with the (~~regulations~~)  
18 rules established by the (~~state liquor and cannabis~~) board under  
19 RCW 69.50.385.

20 (3) A common carrier licensed under RCW 69.50.385 may, for the  
21 purpose of transporting and delivering marijuana, useable marijuana,  
22 marijuana concentrates, and marijuana-infused products, utilize  
23 Washington state ferry routes for such transportation and delivery.

24 (4) The possession of marijuana, useable marijuana, marijuana  
25 concentrates, and marijuana-infused products being physically  
26 transported or delivered within the state, in amounts not exceeding  
27 those that may be established under RCW 69.50.385(3), by a licensed  
28 employee of a common carrier when performing the duties authorized  
29 under, and in accordance with, this section and RCW 69.50.385, is not  
30 a violation of this section, this chapter, or any other provision of  
31 Washington state law.

32 **Sec. 75.** RCW 69.50.385 and 2015 2nd sp.s. c 4 s 502 are each  
33 amended to read as follows:

34 (1) The (~~state liquor and cannabis~~) board must adopt rules  
35 providing for an annual licensing procedure of a common carrier who  
36 seeks to transport or deliver marijuana, useable marijuana, marijuana  
37 concentrates, and marijuana-infused products within the state.

38 (2) The rules for licensing must:

1 (a) Establish criteria for considering the approval or denial of  
2 a common carrier's original application or renewal application;

3 (b) Provide minimum qualifications for any employee authorized to  
4 drive or operate the transportation or delivery vehicle, including a  
5 minimum age of at least twenty-one years;

6 (c) Address the safety of the employees transporting or  
7 delivering the products, including issues relating to the carrying of  
8 firearms by such employees;

9 (d) Address the security of the products being transported,  
10 including a system of electronically tracking all products at both  
11 the point of pickup and the point of delivery; and

12 (e) Set reasonable fees for the application and licensing  
13 process.

14 (3) The (~~state liquor and cannabis~~) board may adopt rules  
15 establishing the maximum amounts of marijuana, useable marijuana,  
16 marijuana concentrates, and marijuana-infused products that may be  
17 physically transported or delivered at one time by a common carrier  
18 as provided under RCW 69.50.382.

19 **Sec. 76.** RCW 69.50.390 and 2015 2nd sp.s. c 4 s 1301 are each  
20 amended to read as follows:

21 (1) A retailer licensed under this chapter is prohibited from  
22 operating a vending machine, as defined in RCW 82.08.080(3) for the  
23 sale of marijuana products at retail or a drive-through purchase  
24 facility where marijuana products are sold at retail and dispensed  
25 through a window or door to a purchaser who is either in or on a  
26 motor vehicle or otherwise located outside of the licensed premises  
27 at the time of sale.

28 (2) The (~~state liquor and cannabis~~) board may not issue,  
29 transfer, or renew a marijuana retail license for any licensee in  
30 violation of the provisions of subsection (1) of this section.

31 **Sec. 77.** RCW 69.50.395 and 2017 c 317 s 16 are each amended to  
32 read as follows:

33 (1) A licensed marijuana business may enter into a licensing  
34 agreement, or consulting contract, with any individual, partnership,  
35 employee cooperative, association, nonprofit corporation, or  
36 corporation, for:

37 (a) Any goods or services that are registered as a trademark  
38 under federal law or under chapter 19.77 RCW;

1 (b) Any unregistered trademark, trade name, or trade dress; or  
2 (c) Any trade secret, technology, or proprietary information used  
3 to manufacture a cannabis product or used to provide a service  
4 related to a marijuana business.

5 (2) All agreements or contracts entered into by a licensed  
6 marijuana business, as authorized under this section, must be  
7 disclosed to the ((~~state liquor and cannabis~~)) board.

8 **Sec. 78.** RCW 69.50.450 and 2015 c 70 s 15 are each amended to  
9 read as follows:

10 (1) Nothing in this chapter permits anyone other than a validly  
11 licensed marijuana processor to use butane or other explosive gases  
12 to extract or separate resin from marijuana or to produce or process  
13 any form of marijuana concentrates or marijuana-infused products that  
14 include marijuana concentrates not purchased from a validly licensed  
15 marijuana retailer as an ingredient. The extraction or separation of  
16 resin from marijuana, the processing of marijuana concentrates, and  
17 the processing of marijuana-infused products that include marijuana  
18 concentrates not purchased from a validly licensed marijuana retailer  
19 as an ingredient by any person other than a validly licensed  
20 marijuana processor each constitute manufacture of marijuana in  
21 violation of RCW 69.50.401. Cooking oil, butter, and other  
22 nonexplosive home cooking substances may be used to make marijuana  
23 extracts for noncommercial personal use.

24 (2) Except for the use of butane, the ((~~state liquor and~~  
25 ~~cannabis~~)) board may not enforce this section until it has adopted  
26 the rules required by RCW 69.51A.270.

27 **Sec. 79.** RCW 69.50.500 and 2013 c 3 s 24 are each amended to  
28 read as follows:

29 (a) It is hereby made the duty of the ((~~state board of~~)) pharmacy  
30 quality assurance commission, the department, the ((~~state liquor~~  
31 ~~control~~)) board, and their officers, agents, inspectors and  
32 representatives, and all law enforcement officers within the state,  
33 and of all prosecuting attorneys, to enforce all provisions of this  
34 chapter, except those specifically delegated, and to cooperate with  
35 all agencies charged with the enforcement of the laws of the United  
36 States, of this state, and all other states, relating to controlled  
37 substances as defined in this chapter.

1 (b) Employees of the department of health, who are so designated  
2 by the (~~board~~) commission as enforcement officers are declared to  
3 be peace officers and shall be vested with police powers to enforce  
4 the drug laws of this state, including this chapter.

5 **Sec. 80.** RCW 69.50.530 and 2018 c 299 s 909 are each amended to  
6 read as follows:

7 The dedicated marijuana account is created in the state treasury.  
8 All moneys received by the (~~state liquor and cannabis~~) board, or  
9 any employee thereof, from marijuana-related activities must be  
10 deposited in the account. Unless otherwise provided in chapter 4,  
11 Laws of 2015 2nd sp. sess., all marijuana excise taxes collected from  
12 sales of marijuana, useable marijuana, marijuana concentrates, and  
13 marijuana-infused products under RCW 69.50.535, and the license fees,  
14 penalties, and forfeitures derived under this chapter from marijuana  
15 producer, marijuana processor, marijuana researcher, and marijuana  
16 retailer licenses, must be deposited in the account. Moneys in the  
17 account may only be spent after appropriation. During the 2015-2017  
18 and 2017-2019 fiscal biennia, the legislature may transfer from the  
19 dedicated marijuana account to the basic health plan trust account  
20 such amounts as reflect the excess fund balance of the account.

21 **Sec. 81.** RCW 69.50.535 and 2015 2nd sp.s. c 4 s 205 are each  
22 amended to read as follows:

23 (1)(a) There is levied and collected a marijuana excise tax equal  
24 to thirty-seven percent of the selling price on each retail sale in  
25 this state of marijuana concentrates, useable marijuana, and  
26 marijuana-infused products. This tax is separate and in addition to  
27 general state and local sales and use taxes that apply to retail  
28 sales of tangible personal property, and is not part of the total  
29 retail price to which general state and local sales and use taxes  
30 apply. The tax must be separately itemized from the state and local  
31 retail sales tax on the sales receipt provided to the buyer.

32 (b) The tax levied in this section must be reflected in the price  
33 list or quoted shelf price in the licensed marijuana retail store and  
34 in any advertising that includes prices for all useable marijuana,  
35 marijuana concentrates, or marijuana-infused products.

36 (2) All revenues collected from the marijuana excise tax imposed  
37 under this section must be deposited each day in the dedicated  
38 marijuana account.

1 (3) The tax imposed in this section must be paid by the buyer to  
2 the seller. Each seller must collect from the buyer the full amount  
3 of the tax payable on each taxable sale. The tax collected as  
4 required by this section is deemed to be held in trust by the seller  
5 until paid to the board. If any seller fails to collect the tax  
6 imposed in this section or, having collected the tax, fails to pay it  
7 as prescribed by the board, whether such failure is the result of the  
8 seller's own acts or the result of acts or conditions beyond the  
9 seller's control, the seller is, nevertheless, personally liable to  
10 the state for the amount of the tax.

11 (4) The definitions in this subsection apply throughout this  
12 section unless the context clearly requires otherwise.

13 (a) (~~("Board" means the state liquor and cannabis board.~~

14 ~~(b))~~) "Retail sale" has the same meaning as in RCW 82.08.010.

15 (~~(c))~~) (b) "Selling price" has the same meaning as in RCW  
16 82.08.010, except that when product is sold under circumstances where  
17 the total amount of consideration paid for the product is not  
18 indicative of its true value, "selling price" means the true value of  
19 the product sold.

20 (~~(d))~~) (c) "Product" means marijuana, marijuana concentrates,  
21 useable marijuana, and marijuana-infused products.

22 (~~(e))~~) (d) "True value" means market value based on sales at  
23 comparable locations in this state of the same or similar product of  
24 like quality and character sold under comparable conditions of sale  
25 to comparable purchasers. However, in the absence of such sales of  
26 the same or similar product, true value means the value of the  
27 product sold as determined by all of the seller's direct and indirect  
28 costs attributable to the product.

29 (5) (a) The board must regularly review the tax level established  
30 under this section and make recommendations, in consultation with the  
31 department of revenue, to the legislature as appropriate regarding  
32 adjustments that would further the goal of discouraging use while  
33 undercutting illegal market prices.

34 (b) The (~~(state liquor and cannabis))~~) board must report, in  
35 compliance with RCW 43.01.036, to the appropriate committees of the  
36 legislature every two years. The report at a minimum must include the  
37 following:

38 (i) The specific recommendations required under (a) of this  
39 subsection;



1 (ii) A comparison of gross sales and tax collections prior to and  
2 after any marijuana tax change;

3 (iii) The increase or decrease in the volume of legal marijuana  
4 sold prior to and after any marijuana tax change;

5 (iv) Increases or decreases in the number of licensed marijuana  
6 producers, processors, and retailers;

7 (v) The number of illegal and noncompliant marijuana outlets the  
8 board requires to be closed;

9 (vi) Gross marijuana sales and tax collections in Oregon; and

10 (vii) The total amount of reported sales and use taxes exempted  
11 for qualifying patients. The department of revenue must provide the  
12 data of exempt amounts to the board.

13 (c) The board is not required to report to the legislature as  
14 required in (b) of this subsection after January 1, 2025.

15 (6) The legislature does not intend and does not authorize any  
16 person or entity to engage in activities or to conspire to engage in  
17 activities that would constitute per se violations of state and  
18 federal antitrust laws including, but not limited to, agreements  
19 among retailers as to the selling price of any goods sold.

20 **Sec. 82.** RCW 69.50.540 and 2018 c 299 s 910 and 2018 c 201 s  
21 8014 are each reenacted and amended to read as follows:

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

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

27 (a) Beginning July 1, 2017, one hundred twenty-five thousand  
28 dollars to the health care authority to design and administer the  
29 Washington state healthy youth survey, analyze the collected data,  
30 and produce reports, in collaboration with the office of the  
31 superintendent of public instruction, department of health,  
32 department of commerce, family policy council, and (~~state liquor and~~  
33 ~~cannabis~~) board. The survey must be conducted at least every two  
34 years and include questions regarding, but not necessarily limited  
35 to, academic achievement, age at time of substance use initiation,  
36 antisocial behavior of friends, attitudes toward antisocial behavior,  
37 attitudes toward substance use, laws and community norms regarding  
38 antisocial behavior, family conflict, family management, parental  
39 attitudes toward substance use, peer rewarding of antisocial

1 behavior, perceived risk of substance use, and rebelliousness. Funds  
2 disbursed under this subsection may be used to expand administration  
3 of the healthy youth survey to student populations attending  
4 institutions of higher education in Washington;

5 (b) Beginning July 1, 2017, fifty thousand dollars to the health  
6 care authority for the purpose of contracting with the Washington  
7 state institute for public policy to conduct the cost-benefit  
8 evaluation and produce the reports described in RCW 69.50.550. This  
9 appropriation ends after production of the final report required by  
10 RCW 69.50.550;

11 (c) Beginning July 1, 2017, five thousand dollars to the  
12 University of Washington alcohol and drug abuse institute for the  
13 creation, maintenance, and timely updating of web-based public  
14 education materials providing medically and scientifically accurate  
15 information about the health and safety risks posed by marijuana use;

16 (d) (i) An amount not less than one million two hundred fifty  
17 thousand dollars to the ((state liquor and cannabis)) board for  
18 administration of this chapter as appropriated in the omnibus  
19 appropriations act;

20 (ii) Two million six hundred fifty-one thousand seven hundred  
21 fifty dollars for fiscal year 2018 and three hundred fifty-one  
22 thousand seven hundred fifty dollars for fiscal year 2019 to the  
23 health professions account established under RCW 43.70.320 for the  
24 development and administration of the marijuana authorization  
25 database by the department of health;

26 (iii) Two million eight hundred three thousand dollars for fiscal  
27 year 2019 to the Washington state patrol for a drug enforcement task  
28 force. It is the intent of the legislature that this policy will be  
29 continued in the 2019-2021 fiscal biennium; and

30 (iv) Ninety-eight thousand dollars for fiscal year 2019 to the  
31 department of ecology for research on accreditation of marijuana  
32 product testing laboratories.

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

39 (2) From the amounts in the dedicated marijuana account after  
40 appropriation of the amounts identified in subsection (1) of this

1 section, the legislature must appropriate for the purposes listed in  
2 this subsection (2) as follows:

3 (a) (i) Up to fifteen percent to the health care authority for the  
4 development, implementation, maintenance, and evaluation of programs  
5 and practices aimed at the prevention or reduction of maladaptive  
6 substance use, substance use disorder, substance abuse or substance  
7 dependence, as these terms are defined in the Diagnostic and  
8 Statistical Manual of Mental Disorders, among middle school and high  
9 school-age students, whether as an explicit goal of a given program  
10 or practice or as a consistently corresponding effect of its  
11 implementation, mental health services for children and youth, and  
12 services for pregnant and parenting women; PROVIDED, That:

13 (A) Of the funds appropriated under (a) (i) of this subsection for  
14 new programs and new services, at least eighty-five percent must be  
15 directed to evidence-based or research-based programs and practices  
16 that produce objectively measurable results and, by September 1,  
17 2020, are cost-beneficial; and

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

22 (ii) In deciding which programs and practices to fund, the  
23 director of the health care authority must consult, at least  
24 annually, with the University of Washington's social development  
25 research group and the University of Washington's alcohol and drug  
26 abuse institute.

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

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

35 (A) Creation, implementation, operation, and management of a  
36 marijuana education and public health program that contains the  
37 following:

38 (I) A marijuana use public health hotline that provides referrals  
39 to substance abuse treatment providers, utilizes evidence-based or  
40 research-based public health approaches to minimizing the harms

1 associated with marijuana use, and does not solely advocate an  
2 abstinence-only approach;

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

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

12 (B) The Washington poison control center; and

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

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

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

28 (ii) For the fiscal year beginning July 1, 2016, the legislature  
29 must appropriate a minimum of two hundred seven thousand dollars and  
30 for each subsequent fiscal year, except for the 2017-2019 fiscal  
31 biennium, the legislature must appropriate a minimum of one million  
32 twenty-one thousand dollars to the University of Washington. For the  
33 fiscal year beginning July 1, 2016, the legislature must appropriate  
34 a minimum of one hundred thirty-eight thousand dollars and for each  
35 subsequent fiscal year thereafter, except for the 2017-2019 fiscal  
36 biennium, a minimum of six hundred eighty-one thousand dollars to  
37 Washington State University under this subsection (2)(c). It is the  
38 intent of the legislature that this policy will be continued in the  
39 2019-2021 fiscal biennium;

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

4 (e) Five percent to the Washington state health care authority to  
5 be expended exclusively through contracts with community health  
6 centers to provide primary health and dental care services, migrant  
7 health services, and maternity health care services as provided under  
8 RCW 41.05.220;

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

12 (ii) For the fiscal year beginning July 1, 2016, and each  
13 subsequent fiscal year, the legislature must appropriate a minimum of  
14 five hundred eleven thousand dollars to the office of the  
15 superintendent of public instruction under this subsection (2) (f);  
16 and

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

22 (i) Beginning in fiscal year 2018, if marijuana excise tax  
23 collections deposited into the general fund in the prior fiscal year  
24 exceed twenty-five million dollars, then each fiscal year the  
25 legislature must appropriate an amount equal to thirty percent of all  
26 marijuana excise taxes deposited into the general fund the prior  
27 fiscal year to the treasurer for distribution to counties, cities,  
28 and towns as follows:

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

39 (B) Seventy percent must be distributed to counties, cities, and  
40 towns ratably on a per capita basis. Counties must receive sixty

1 percent of the distribution, which must be disbursed based on each  
2 county's total proportional population. Funds may only be distributed  
3 to jurisdictions that do not prohibit the siting of any state  
4 licensed marijuana producer, processor, or retailer.

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

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

12 (iv) The total share of marijuana excise tax revenues distributed  
13 to counties and cities in (g)(i) of this subsection (2) may not  
14 exceed fifteen million dollars in fiscal years 2018 and 2019 and  
15 twenty million dollars per fiscal year thereafter. It is the intent  
16 of the legislature that the policy for the maximum distributions in  
17 the subsequent fiscal biennia will be no more than fifteen million  
18 dollars per fiscal year.

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

22 **Sec. 83.** RCW 69.50.560 and 2015 c 70 s 33 are each amended to  
23 read as follows:

24 (1) The (~~state liquor and cannabis~~) board may conduct  
25 controlled purchase programs to determine whether:

26 (a) A marijuana retailer is unlawfully selling marijuana to  
27 persons under the age of twenty-one;

28 (b) A marijuana retailer holding a medical marijuana endorsement  
29 is selling to persons under the age of eighteen or selling to persons  
30 between the ages of eighteen and twenty-one who do not hold valid  
31 recognition cards;

32 (c) (~~Until July 1, 2016, collective gardens under RCW 69.51A.085~~  
33 ~~are providing marijuana to persons under the age of twenty-one; or~~  
34 ~~(d)~~) A cooperative organized under RCW 69.51A.250 is permitting  
35 a person under the age of twenty-one to participate.

36 (2) Every person under the age of twenty-one years who purchases  
37 or attempts to purchase marijuana is guilty of a violation of this  
38 section. This section does not apply to:

1 (a) Persons between the ages of eighteen and twenty-one who hold  
2 valid recognition cards and purchase marijuana at a marijuana retail  
3 outlet holding a medical marijuana endorsement;

4 (b) Persons between the ages of eighteen and twenty-one years who  
5 are participating in a controlled purchase program authorized by the  
6 (~~state liquor and cannabis~~) board under rules adopted by the board.  
7 Violations occurring under a private, controlled purchase program  
8 authorized by the (~~state liquor and cannabis~~) board may not be used  
9 for criminal or administrative prosecution.

10 (3) A marijuana retailer who conducts an in-house controlled  
11 purchase program authorized under this section shall provide his or  
12 her employees a written description of the employer's in-house  
13 controlled purchase program. The written description must include  
14 notice of actions an employer may take as a consequence of an  
15 employee's failure to comply with company policies regarding the sale  
16 of marijuana during an in-house controlled purchase program.

17 (4) An in-house controlled purchase program authorized under this  
18 section shall be for the purposes of employee training and employer  
19 self-compliance checks. A marijuana retailer may not terminate an  
20 employee solely for a first-time failure to comply with company  
21 policies regarding the sale of marijuana during an in-house  
22 controlled purchase program authorized under this section.

23 (5) Every person between the ages of eighteen and twenty-one who  
24 is convicted of a violation of this section is guilty of a  
25 misdemeanor punishable as provided by RCW 9A.20.021.

26 **Sec. 84.** RCW 69.50.565 and 2015 2nd sp.s. c 4 s 202 are each  
27 amended to read as follows:

28 (1) Whenever the board determines that a limited liability  
29 business entity has collected trust fund taxes and has failed to  
30 remit those taxes to the board and that business entity has been  
31 terminated, dissolved, or abandoned, or is insolvent, the board may  
32 pursue collection of the entity's unpaid trust fund taxes, including  
33 penalties on those taxes, against any or all of the responsible  
34 individuals. For purposes of this subsection, "insolvent" means the  
35 condition that results when the sum of the entity's debts exceeds the  
36 fair market value of its assets. The board may presume that an entity  
37 is insolvent if the entity refuses to disclose to the board the  
38 nature of its assets and liabilities.

1 (2) (a) For a responsible individual who is the current or a  
2 former chief executive or chief financial officer, liability under  
3 this section applies regardless of fault or whether the individual  
4 was or should have been aware of the unpaid trust fund tax liability  
5 of the limited liability business entity.

6 (b) For any other responsible individual, liability under this  
7 section applies only if he or she willfully failed to pay or to cause  
8 to be paid to the board the trust fund taxes due from the limited  
9 liability business entity.

10 (3) (a) Except as provided in this subsection (3) (a), a  
11 responsible individual who is the current or a former chief executive  
12 or chief financial officer is liable under this section only for  
13 trust fund tax liability accrued during the period that he or she was  
14 the chief executive or chief financial officer. However, if the  
15 responsible individual had the responsibility or duty to remit  
16 payment of the limited liability business entity's trust fund taxes  
17 to the board during any period of time that the person was not the  
18 chief executive or chief financial officer, that individual is also  
19 liable for trust fund tax liability that became due during the period  
20 that he or she had the duty to remit payment of the limited liability  
21 business entity's taxes to the board but was not the chief executive  
22 or chief financial officer.

23 (b) All other responsible individuals are liable under this  
24 section only for trust fund tax liability that became due during the  
25 period he or she had the responsibility or duty to remit payment of  
26 the limited liability business entity's taxes to the board.

27 (4) Persons described in subsection (3) (b) of this section are  
28 exempt from liability under this section in situations where  
29 nonpayment of the limited liability business entity's trust fund  
30 taxes was due to reasons beyond their control as determined by the  
31 board by rule.

32 (5) Any person having been issued a notice of unpaid trust fund  
33 taxes under this section is entitled to an administrative hearing  
34 under RCW 69.50.334 and any such rules the board may adopt.

35 (6) This section does not relieve the limited liability business  
36 entity of its trust fund tax liability or otherwise impair other tax  
37 collection remedies afforded by law.

38 (7) The definitions in this subsection apply throughout this  
39 section unless the context clearly requires otherwise.

40 (a) (~~"Board" means the state liquor and cannabis board.~~)



1       ~~(b)~~) "Chief executive" means: The president of a corporation or  
2 for other entities or organizations other than corporations or if the  
3 corporation does not have a president as one of its officers, the  
4 highest ranking executive manager or administrator in charge of the  
5 management of the company or organization.

6       ~~((e))~~ (b) "Chief financial officer" means: The treasurer of a  
7 corporation or for entities or organizations other than corporations  
8 or if a corporation does not have a treasurer as one of its officers,  
9 the highest senior manager who is responsible for overseeing the  
10 financial activities of the entire company or organization.

11       ~~((d))~~ (c) "Limited liability business entity" means a type of  
12 business entity that generally shields its owners from personal  
13 liability for the debts, obligations, and liabilities of the entity,  
14 or a business entity that is managed or owned in whole or in part by  
15 an entity that generally shields its owners from personal liability  
16 for the debts, obligations, and liabilities of the entity. Limited  
17 liability business entities include corporations, limited liability  
18 companies, limited liability partnerships, trusts, general  
19 partnerships and joint ventures in which one or more of the partners  
20 or parties are also limited liability business entities, and limited  
21 partnerships in which one or more of the general partners are also  
22 limited liability business entities.

23       ~~((e))~~ (d) "Manager" has the same meaning as in RCW  
24 ~~((25.15.005))~~ 25.15.006.

25       ~~((f))~~ (e) "Member" has the same meaning as in RCW ~~((25.15.005))~~  
26 25.15.006, except that the term only includes members of member-  
27 managed limited liability companies.

28       ~~((g))~~ (f) "Officer" means any officer or assistant officer of a  
29 corporation, including the president, vice president, secretary, and  
30 treasurer.

31       ~~((h))~~ (g) (i) "Responsible individual" includes any current or  
32 former officer, manager, member, partner, or trustee of a limited  
33 liability business entity with unpaid trust fund tax liability.

34       (ii) "Responsible individual" also includes any current or former  
35 employee or other individual, but only if the individual had the  
36 responsibility or duty to remit payment of the limited liability  
37 business entity's unpaid trust fund tax liability.

38       (iii) Whenever any taxpayer has one or more limited liability  
39 business entities as a member, manager, or partner, "responsible  
40 individual" also includes any current and former officers, members,

1 or managers of the limited liability business entity or entities or  
2 of any other limited liability business entity involved directly in  
3 the management of the taxpayer. For purposes of this subsection (7)  
4 ~~((h)(iii))~~ (g)(iii), "taxpayer" means a limited liability business  
5 entity with unpaid trust fund taxes.

6 ~~((i))~~ (h) "Trust fund taxes" means taxes collected from buyers  
7 and deemed held in trust under RCW 69.50.535.

8 ~~((j))~~ (i) "Willfully failed to pay or to cause to be paid"  
9 means that the failure was the result of an intentional, conscious,  
10 and voluntary course of action.

11 **Sec. 85.** RCW 69.50.580 and 2015 2nd sp.s. c 4 s 801 are each  
12 amended to read as follows:

13 (1) Applicants for a marijuana producer's, marijuana processor's,  
14 marijuana researcher's or marijuana retailer's license under this  
15 chapter must display a sign provided by the ~~((state liquor and  
16 cannabis))~~ board on the outside of the premises to be licensed  
17 notifying the public that the premises are subject to an application  
18 for such license. The sign must:

19 (a) Contain text with content sufficient to notify the public of  
20 the nature of the pending license application, the date of the  
21 application, the name of the applicant, and contact information for  
22 the ~~((state liquor and cannabis))~~ board;

23 (b) Be conspicuously displayed on, or immediately adjacent to,  
24 the premises subject to the application and in the location that is  
25 most likely to be seen by the public;

26 (c) Be of a size sufficient to ensure that it will be readily  
27 seen by the public; and

28 (d) Be posted within seven business days of the submission of the  
29 application to the ~~((state liquor and cannabis))~~ board.

30 (2) The ~~((state liquor and cannabis))~~ board must adopt such rules  
31 as are necessary for the implementation of this section, including  
32 rules pertaining to the size of the sign and the text thereon, the  
33 textual content of the sign, the fee for providing the sign, and any  
34 other requirements necessary to ensure that the sign provides  
35 adequate notice to the public.

36 (3)(a) A city, town, or county may adopt an ordinance requiring  
37 individual notice by an applicant for a marijuana producer's,  
38 marijuana processor's, marijuana researcher's, or marijuana  
39 retailer's license under this chapter, sixty days prior to issuance

1 of the license, to any elementary or secondary school, playground,  
2 recreation center or facility, child care center, church, public  
3 park, public transit center, library, or any game arcade admission to  
4 which is not restricted to persons aged twenty-one years or older,  
5 that is within one thousand feet of the perimeter of the grounds of  
6 the establishment seeking licensure. The notice must provide the  
7 contact information for the ((~~liquor and cannabis~~)) board where any  
8 of the owners or operators of these entities may submit comments or  
9 concerns about the proposed business location.

10 (b) For the purposes of this subsection, "church" means a  
11 building erected for and used exclusively for religious worship and  
12 schooling or other activity in connection therewith.

13 **Sec. 86.** RCW 69.50.585 and 2016 sp.s. c 17 s 1 are each amended  
14 to read as follows:

15 (1)(a) Nothing in this chapter prohibits a producer or processor  
16 from providing retailers branded promotional items which are of  
17 nominal value, singly or in the aggregate. Such items include but are  
18 not limited to: Lighters, postcards, pencils, matches, shirts, hats,  
19 visors, and other similar items. Branded promotional items:

20 (i) Must be used exclusively by the retailer or its employees in  
21 a manner consistent with its license;

22 (ii) Must bear imprinted advertising matter of the producer or  
23 processor only;

24 (iii) May be provided by a producer or processor only to  
25 retailers and their employees and may not be provided by or through  
26 retailers or their employees to retail customers; and

27 (iv) May not be targeted to youth, including any: (A) Statement,  
28 picture, or illustration that depicts a child or other person under  
29 legal age for consuming cannabis; (B) objects, such as toys or  
30 characters, suggesting the presence of a child, or any other  
31 depiction designed in any manner to be especially appealing to  
32 children or other persons under legal age to consume cannabis; (C)  
33 advertising designed in any manner that would be especially appealing  
34 to children or other persons under twenty-one years of age; or (D)  
35 advertising implying that the consumption of cannabis is fashionable  
36 or the accepted course of behavior for persons under twenty-one years  
37 of age.

38 (b) A producer or processor is not obligated to provide any such  
39 branded promotional items, and a retailer may not require a producer

1 or processor to provide such branded promotional items as a condition  
2 for selling any cannabis to the retailer.

3 (c) Any producer, processor, or retailer or any other person  
4 asserting that the provision of branded promotional items as allowed  
5 in (a) of this subsection has resulted or is more likely than not to  
6 result in undue influence or an adverse impact on public health and  
7 safety, or is otherwise inconsistent with the criteria in (a) of this  
8 subsection may file a complaint with the (~~state liquor and~~  
9 ~~cannabis~~) board. Upon receipt of a complaint the (~~state liquor and~~  
10 ~~cannabis~~) board may conduct such investigation as it deems  
11 appropriate in the circumstances. If the investigation reveals the  
12 provision of branded promotional items has resulted in or is more  
13 likely than not to result in undue influence or has resulted or is  
14 more likely than not to result in an adverse impact on public health  
15 and safety or is otherwise inconsistent with (a) of this subsection  
16 the (~~state liquor and cannabis~~) board may issue an administrative  
17 violation notice to the producer, processor, or retailer. The  
18 recipient of the administrative violation notice may request a  
19 hearing under chapter 34.05 RCW.

20 (2) Nothing in this chapter prohibits:

21 (a) Producers or processors from listing on their internet web  
22 sites information related to retailers who sell or promote their  
23 products, including direct links to the retailers' internet web  
24 sites; and

25 (b) Retailers from listing on their internet web sites  
26 information related to producers or processors whose products those  
27 retailers sell or promote, including direct links to the producers or  
28 processors' web sites; or

29 (c) Producers, processors, and retailers from producing, jointly  
30 or together with regional, state, or local industry associations,  
31 brochures and materials promoting tourism in Washington state which  
32 contain information regarding retail licensees, producers,  
33 processors, and their products.

34 (3) Nothing in this chapter prohibits the performance of personal  
35 services offered from time to time by a producer or processor to  
36 retailers when the personal services are (a) conducted at a licensed  
37 premises, and (b) intended to inform, educate, or enhance customers'  
38 knowledge or experience of the manufacturer's products. The  
39 performance of personal services may include participation in events  
40 and the use of informational or educational activities at the

1 premises of a retailer holding a license under this chapter. A  
2 producer or processor is not obligated to perform any such personal  
3 services, and a retail licensee may not require a producer or  
4 processor to conduct any personal service as a condition for selling  
5 cannabis to the retail licensee.

6 (4) For the purposes of this section, "nominal value" means a  
7 value of thirty dollars or less.

8 **Sec. 87.** RCW 69.51A.010 and 2015 c 70 s 17 are each reenacted  
9 and amended to read as follows:

10 The definitions in this section apply throughout this chapter  
11 unless the context clearly requires otherwise.

12 (1) (a) (~~Until July 1, 2016, "authorization" means:~~

13 ~~(i) A statement signed and dated by a qualifying patient's health~~  
14 ~~care professional written on tamper-resistant paper, which states~~  
15 ~~that, in the health care professional's professional opinion, the~~  
16 ~~patient may benefit from the medical use of marijuana; and~~

17 ~~(ii) Proof of identity such as a Washington state driver's~~  
18 ~~license or identicard, as defined in RCW 46.20.035.~~

19 ~~(b) Beginning July 1, 2016,~~) "Authorization" means a form  
20 developed by the department that is completed and signed by a  
21 qualifying patient's health care professional and printed on tamper-  
22 resistant paper.

23 ~~((e))~~ (b) An authorization is not a prescription as defined in  
24 RCW 69.50.101.

25 (2) "CBD concentration" means the percent of cannabidiol content  
26 per dry weight of any part of the plant *Cannabis*, or per volume or  
27 weight of marijuana product.

28 (3) "Department" means the department of health.

29 (4) "Designated provider" means a person who is twenty-one years  
30 of age or older and:

31 (a) (i) Is the parent or guardian of a qualifying patient who is  
32 under the age of eighteen and (~~beginning July 1, 2016,~~) holds a  
33 recognition card; or

34 (ii) Has been designated in writing by a qualifying patient to  
35 serve as the designated provider for that patient;

36 (b) (i) Has an authorization from the qualifying patient's health  
37 care professional; or

38 (ii) (~~Beginning July 1, 2016,~~)

- 1 (A) Has been entered into the medical marijuana authorization  
2 database as being the designated provider to a qualifying patient;  
3 and
- 4 (B) Has been provided a recognition card;
- 5 (c) Is prohibited from consuming marijuana obtained for the  
6 personal, medical use of the qualifying patient for whom the  
7 individual is acting as designated provider;
- 8 (d) Provides marijuana to only the qualifying patient that has  
9 designated him or her;
- 10 (e) Is in compliance with the terms and conditions of this  
11 chapter; and
- 12 (f) Is the designated provider to only one patient at any one  
13 time.
- 14 (5) "Health care professional," for purposes of this chapter  
15 only, means a physician licensed under chapter 18.71 RCW, a physician  
16 assistant licensed under chapter 18.71A RCW, an osteopathic physician  
17 licensed under chapter 18.57 RCW, an osteopathic physicians'  
18 assistant licensed under chapter 18.57A RCW, a naturopath licensed  
19 under chapter 18.36A RCW, or an advanced registered nurse  
20 practitioner licensed under chapter 18.79 RCW.
- 21 (6) "Housing unit" means a house, an apartment, a mobile home, a  
22 group of rooms, or a single room that is occupied as separate living  
23 quarters, in which the occupants live and eat separately from any  
24 other persons in the building, and which have direct access from the  
25 outside of the building or through a common hall.
- 26 (7) "Low THC, high CBD" means products determined by the  
27 department to have a low THC, high CBD ratio under RCW 69.50.375. Low  
28 THC, high CBD products must be inhalable, ingestible, or absorbable.
- 29 (8) "Marijuana" has the meaning provided in RCW 69.50.101.
- 30 (9) "Marijuana concentrates" has the meaning provided in RCW  
31 69.50.101.
- 32 (10) "Marijuana processor" has the meaning provided in RCW  
33 69.50.101.
- 34 (11) "Marijuana producer" has the meaning provided in RCW  
35 69.50.101.
- 36 (12) "Marijuana retailer" has the meaning provided in RCW  
37 69.50.101.
- 38 (13) "Marijuana retailer with a medical marijuana endorsement"  
39 means a marijuana retailer that has been issued a medical marijuana

1 endorsement by the ((state liquor and cannabis)) board pursuant to  
2 RCW 69.50.375.

3 (14) "Marijuana-infused products" has the meaning provided in RCW  
4 69.50.101.

5 (15) "Medical marijuana authorization database" means the secure  
6 and confidential database established in RCW 69.51A.230.

7 (16) "Medical use of marijuana" means the manufacture,  
8 production, possession, transportation, delivery, ingestion,  
9 application, or administration of marijuana for the exclusive benefit  
10 of a qualifying patient in the treatment of his or her terminal or  
11 debilitating medical condition.

12 (17) "Plant" means a marijuana plant having at least three  
13 distinguishable and distinct leaves, each leaf being at least three  
14 centimeters in diameter, and a readily observable root formation  
15 consisting of at least two separate and distinct roots, each being at  
16 least two centimeters in length. Multiple stalks emanating from the  
17 same root ball or root system is considered part of the same single  
18 plant.

19 (18) "Public place" has the meaning provided in RCW 70.160.020.

20 (19) "Qualifying patient" means a person who:

21 (a) (i) Is a patient of a health care professional;

22 (ii) Has been diagnosed by that health care professional as  
23 having a terminal or debilitating medical condition;

24 (iii) Is a resident of the state of Washington at the time of  
25 such diagnosis;

26 (iv) Has been advised by that health care professional about the  
27 risks and benefits of the medical use of marijuana;

28 (v) Has been advised by that health care professional that they  
29 may benefit from the medical use of marijuana;

30 (vi) (A) Has an authorization from his or her health care  
31 professional; or

32 (B) ((Beginning July 1, 2016,)) Has been entered into the medical  
33 marijuana authorization database and has been provided a recognition  
34 card; and

35 (vii) Is otherwise in compliance with the terms and conditions  
36 established in this chapter.

37 (b) "Qualifying patient" does not include a person who is  
38 actively being supervised for a criminal conviction by a corrections  
39 agency or department that has determined that the terms of this

1 chapter are inconsistent with and contrary to his or her supervision  
2 and all related processes and procedures related to that supervision.

3 (20) "Recognition card" means a card issued to qualifying  
4 patients and designated providers by a marijuana retailer with a  
5 medical marijuana endorsement that has entered them into the medical  
6 marijuana authorization database.

7 (21) "Retail outlet" has the meaning provided in RCW 69.50.101.

8 (22) "Secretary" means the secretary of the department of health.

9 (23) "Tamper-resistant paper" means paper that meets one or more  
10 of the following industry-recognized features:

11 (a) One or more features designed to prevent copying of the  
12 paper;

13 (b) One or more features designed to prevent the erasure or  
14 modification of information on the paper; or

15 (c) One or more features designed to prevent the use of  
16 counterfeit authorization.

17 (24) "Terminal or debilitating medical condition" means a  
18 condition severe enough to significantly interfere with the patient's  
19 activities of daily living and ability to function, which can be  
20 objectively assessed and evaluated and limited to the following:

21 (a) Cancer, human immunodeficiency virus (HIV), multiple  
22 sclerosis, epilepsy or other seizure disorder, or spasticity  
23 disorders;

24 (b) Intractable pain, limited for the purpose of this chapter to  
25 mean pain unrelieved by standard medical treatments and medications;

26 (c) Glaucoma, either acute or chronic, limited for the purpose of  
27 this chapter to mean increased intraocular pressure unrelieved by  
28 standard treatments and medications;

29 (d) Crohn's disease with debilitating symptoms unrelieved by  
30 standard treatments or medications;

31 (e) Hepatitis C with debilitating nausea or intractable pain  
32 unrelieved by standard treatments or medications;

33 (f) Diseases, including anorexia, which result in nausea,  
34 vomiting, wasting, appetite loss, cramping, seizures, muscle spasms,  
35 or spasticity, when these symptoms are unrelieved by standard  
36 treatments or medications;

37 (g) Posttraumatic stress disorder; or

38 (h) Traumatic brain injury.

39 (25) "THC concentration" has the meaning provided in RCW  
40 69.50.101.



1 (26) "Useable marijuana" has the meaning provided in RCW  
2 69.50.101.

3 (27) "Board" means the Washington state liquor and cannabis  
4 board.

5 **Sec. 88.** RCW 69.51A.230 and 2015 c 70 s 21 are each amended to  
6 read as follows:

7 (1) The department must contract with an entity to create,  
8 administer, and maintain a secure and confidential medical marijuana  
9 authorization database that(~~(, beginning July 1, 2016,)~~) allows:

10 (a) A marijuana retailer with a medical marijuana endorsement to  
11 add a qualifying patient or designated provider and include the  
12 amount of marijuana concentrates, useable marijuana, marijuana-  
13 infused products, or plants for which the qualifying patient is  
14 authorized under RCW 69.51A.210;

15 (b) Persons authorized to prescribe or dispense controlled  
16 substances to access health care information on their patients for  
17 the purpose of providing medical or pharmaceutical care for their  
18 patients;

19 (c) A qualifying patient or designated provider to request and  
20 receive his or her own health care information or information on any  
21 person or entity that has queried their name or information;

22 (d) Appropriate local, state, tribal, and federal law enforcement  
23 or prosecutorial officials who are engaged in a bona fide specific  
24 investigation of suspected marijuana-related activity that may be  
25 illegal under Washington state law to confirm the validity of the  
26 recognition card of a qualifying patient or designated provider;

27 (e) A marijuana retailer holding a medical marijuana endorsement  
28 to confirm the validity of the recognition card of a qualifying  
29 patient or designated provider;

30 (f) The department of revenue to verify tax exemptions under  
31 chapters 82.08 and 82.12 RCW;

32 (g) The department and the health care professional's  
33 disciplining authorities to monitor authorizations and ensure  
34 compliance with this chapter and chapter 18.130 RCW by their  
35 licensees; and

36 (h) Authorizations to expire six months or one year after entry  
37 into the medical marijuana authorization database, depending on  
38 whether the authorization is for a minor or an adult.

1 (2) A qualifying patient and his or her designated provider, if  
2 any, may be placed in the medical marijuana authorization database at  
3 a marijuana retailer with a medical marijuana endorsement. After a  
4 qualifying patient or designated provider is placed in the medical  
5 marijuana authorization database, he or she must be provided with a  
6 recognition card that contains identifiers required in subsection (3)  
7 of this section.

8 (3) The recognition card requirements must be developed by the  
9 department in rule and include:

10 (a) A randomly generated and unique identifying number;

11 (b) For designated providers, the unique identifying number of  
12 the qualifying patient whom the provider is assisting;

13 (c) A photograph of the qualifying patient's or designated  
14 provider's face taken by an employee of the marijuana retailer with a  
15 medical marijuana endorsement at the same time that the qualifying  
16 patient or designated provider is being placed in the medical  
17 marijuana authorization database in accordance with rules adopted by  
18 the department;

19 (d) The amount of marijuana concentrates, useable marijuana,  
20 marijuana-infused products, or plants for which the qualifying  
21 patient is authorized under RCW 69.51A.210;

22 (e) The effective date and expiration date of the recognition  
23 card;

24 (f) The name of the health care professional who authorized the  
25 qualifying patient or designated provider; and

26 (g) For the recognition card, additional security features as  
27 necessary to ensure its validity.

28 (4) For qualifying patients who are eighteen years of age or  
29 older and their designated providers, recognition cards are valid for  
30 one year from the date the health care professional issued the  
31 authorization. For qualifying patients who are under the age of  
32 eighteen and their designated providers, recognition cards are valid  
33 for six months from the date the health care professional issued the  
34 authorization. Qualifying patients may not be reentered into the  
35 medical marijuana authorization database until they have been  
36 reexamined by a health care professional and determined to meet the  
37 definition of qualifying patient. After reexamination, a marijuana  
38 retailer with a medical marijuana endorsement must reenter the  
39 qualifying patient or designated provider into the medical marijuana

1 authorization database and a new recognition card will then be issued  
2 in accordance with department rules.

3 (5) If a recognition card is lost or stolen, a marijuana retailer  
4 with a medical marijuana endorsement, in conjunction with the  
5 database administrator, may issue a new card that will be valid for  
6 six months to one year if the patient is reexamined by a health care  
7 professional and determined to meet the definition of qualifying  
8 patient and depending on whether the patient is under the age of  
9 eighteen or eighteen years of age or older as provided in subsection  
10 (4) of this section. If a reexamination is not performed, the  
11 expiration date of the replacement recognition card must be the same  
12 as the lost or stolen recognition card.

13 (6) The database administrator must remove qualifying patients  
14 and designated providers from the medical marijuana authorization  
15 database upon expiration of the recognition card. Qualifying patients  
16 and designated providers may request to remove themselves from the  
17 medical marijuana authorization database before expiration of a  
18 recognition card and health care professionals may request to remove  
19 qualifying patients and designated providers from the medical  
20 marijuana authorization database if the patient or provider no longer  
21 qualifies for the medical use of marijuana. The database  
22 administrator must retain database records for at least five calendar  
23 years to permit the ((~~state liquor and cannabis~~)) board and the  
24 department of revenue to verify eligibility for tax exemptions.

25 (7) During development of the medical marijuana authorization  
26 database, the database administrator must consult with the  
27 department, stakeholders, and persons with relevant expertise to  
28 include, but not be limited to, qualifying patients, designated  
29 providers, health care professionals, state and local law enforcement  
30 agencies, and the University of Washington computer science and  
31 engineering security and privacy research lab or a certified  
32 cybersecurity firm, vendor, or service.

33 (8) The medical marijuana authorization database must meet the  
34 following requirements:

35 (a) Any personally identifiable information included in the  
36 database must be nonreversible, pursuant to definitions and standards  
37 set forth by the national institute of standards and technology;

38 (b) Any personally identifiable information included in the  
39 database must not be susceptible to linkage by use of data external  
40 to the database;

1 (c) The database must incorporate current best differential  
2 privacy practices, allowing for maximum accuracy of database queries  
3 while minimizing the chances of identifying the personally  
4 identifiable information included therein; and

5 (d) The database must be upgradable and updated in a timely  
6 fashion to keep current with state of the art privacy and security  
7 standards and practices.

8 (9)(a) Personally identifiable information of qualifying patients  
9 and designated providers included in the medical marijuana  
10 authorization database is confidential and exempt from public  
11 disclosure, inspection, or copying under chapter 42.56 RCW.

12 (b) Information contained in the medical marijuana authorization  
13 database may be released in aggregate form, with all personally  
14 (~~identifying~~ [~~identifiable~~]) identifiable information redacted, for  
15 the purpose of statistical analysis and oversight of agency  
16 performance and actions.

17 (c) Information contained in the medical marijuana authorization  
18 database shall not be shared with the federal government or its  
19 agents unless the particular (~~qualifying~~) qualifying patient or  
20 designated provider is convicted in state court for violating this  
21 chapter or chapter 69.50 RCW.

22 (10)(~~(a)~~) The department must charge a one dollar fee for each  
23 initial and renewal recognition card issued by a marijuana retailer  
24 with a medical marijuana endorsement. The marijuana retailer with a  
25 medical marijuana endorsement shall collect the fee from the  
26 qualifying patient or designated provider at the time that he or she  
27 is entered into the database and issued a recognition card. The  
28 department shall establish a schedule for marijuana retailers with a  
29 medical marijuana endorsement to remit the fees collected. Fees  
30 collected under this subsection shall be deposited into the health  
31 professions account created under RCW 43.70.320.

32 (~~(b) By November 1, 2016, the department shall report to the~~  
33 ~~governor and the fiscal committees of both the house of~~  
34 ~~representatives and the senate regarding the cost of implementation~~  
35 ~~and administration of the medical marijuana authorization database.~~  
36 ~~The report must specify amounts from the health professions account~~  
37 ~~used to finance the establishment and administration of the medical~~  
38 ~~marijuana authorization database as well as estimates of the~~  
39 ~~continuing costs associated with operating the medical marijuana~~  
40 ~~[authorization] database. The report must also provide initial~~

1 ~~enrollment figures in the medical marijuana authorization database~~  
2 ~~and estimates of expected future enrollment.))~~

3 (11) If the database administrator fails to comply with this  
4 section, the department may cancel any contracts with the database  
5 administrator and contract with another database administrator to  
6 continue administration of the database. A database administrator who  
7 fails to comply with this section is subject to a fine of up to five  
8 thousand dollars in addition to any penalties established in the  
9 contract. Fines collected under this section must be deposited into  
10 the health professions account created under RCW 43.70.320.

11 (12) The department may adopt rules to implement this section.

12 **Sec. 89.** RCW 69.51A.250 and 2017 c 317 s 8 are each amended to  
13 read as follows:

14 (1) Qualifying patients or designated providers may form a  
15 cooperative and share responsibility for acquiring and supplying the  
16 resources needed to produce and process marijuana only for the  
17 medical use of members of the cooperative. No more than four  
18 qualifying patients or designated providers may become members of a  
19 cooperative under this section and all members must hold valid  
20 recognition cards. All members of the cooperative must be at least  
21 twenty-one years old. The designated provider of a qualifying patient  
22 who is under twenty-one years old may be a member of a cooperative on  
23 the qualifying patient's behalf. All plants grown in the cooperative  
24 must be from an immature plant or clone purchased from a licensed  
25 marijuana producer as defined in RCW 69.50.101. Cooperatives may also  
26 purchase marijuana seeds from a licensed marijuana producer.

27 (2) Qualifying patients and designated providers who wish to form  
28 a cooperative must register the location with the (~~state liquor and~~  
29 ~~cannabis~~) board and this is the only location where cooperative  
30 members may grow or process marijuana. This registration must include  
31 the names of all participating members and copies of each  
32 participant's recognition card. Only qualifying patients or  
33 designated providers registered with the (~~state liquor and~~  
34 ~~cannabis~~) board in association with the location may participate in  
35 growing or receive useable marijuana or marijuana-infused products  
36 grown at that location.

37 (3) No cooperative may be located in any of the following areas:

38 (a) Within one mile of a marijuana retailer;

39 (b) Within the smaller of either:

1 (i) One thousand feet of the perimeter of the grounds of any  
2 elementary or secondary school, playground, recreation center or  
3 facility, child care center, public park, public transit center,  
4 library, or any game arcade that admission to which is not restricted  
5 to persons aged twenty-one years or older; or

6 (ii) The area restricted by ordinance, if the cooperative is  
7 located in a city, county, or town that has passed an ordinance  
8 pursuant to RCW 69.50.331(8); or

9 (c) Where prohibited by a city, town, or county zoning provision.

10 (4) The ((~~state liquor and cannabis~~)) board must deny the  
11 registration of any cooperative if the location does not comply with  
12 the requirements set forth in subsection (3) of this section.

13 (5) If a qualifying patient or designated provider no longer  
14 participates in growing at the location, he or she must notify the  
15 ((~~state liquor and cannabis~~)) board within fifteen days of the date  
16 the qualifying patient or designated provider ceases participation.  
17 The ((~~state liquor and cannabis~~)) board must remove his or her name  
18 from connection to the cooperative. Additional qualifying patients or  
19 designated providers may not join the cooperative until sixty days  
20 have passed since the date on which the last qualifying patient or  
21 designated provider notifies the ((~~state liquor and cannabis~~)) board  
22 that he or she no longer participates in that cooperative.

23 (6) Qualifying patients or designated providers who participate  
24 in a cooperative under this section:

25 (a) May grow up to the total amount of plants for which each  
26 participating member is authorized on their recognition cards, up to  
27 a maximum of sixty plants. At the location, the qualifying patients  
28 or designated providers may possess the amount of useable marijuana  
29 that can be produced with the number of plants permitted under this  
30 subsection, but no more than seventy-two ounces;

31 (b) May only participate in one cooperative;

32 (c) May only grow plants in the cooperative and if he or she  
33 grows plants in the cooperative may not grow plants elsewhere;

34 (d) Must provide assistance in growing plants. A monetary  
35 contribution or donation is not to be considered assistance under  
36 this section. Participants must provide nonmonetary resources and  
37 labor in order to participate; and

38 (e) May not sell, donate, or otherwise provide marijuana,  
39 marijuana concentrates, useable marijuana, or marijuana-infused  
40 products to a person who is not participating under this section.

1 (7) The location of the cooperative must be the domicile of one  
2 of the participants. Only one cooperative may be located per property  
3 tax parcel. A copy of each participant's recognition card must be  
4 kept at the location at all times.

5 (8) The (~~state liquor and cannabis~~) board may adopt rules to  
6 implement this section including:

7 (a) Any security requirements necessary to ensure the safety of  
8 the cooperative and to reduce the risk of diversion from the  
9 cooperative;

10 (b) A seed to sale traceability model that is similar to the seed  
11 to sale traceability model used by licensees that will allow the  
12 (~~state liquor and cannabis~~) board to track all marijuana grown in a  
13 cooperative.

14 (9) The (~~state liquor and cannabis~~) board or law enforcement  
15 may inspect a cooperative registered under this section to ensure  
16 members are in compliance with this section. The (~~state liquor and  
17 cannabis~~) board must adopt rules on reasonable inspection hours and  
18 reasons for inspections.

19 **Sec. 90.** RCW 69.51A.270 and 2015 c 70 s 28 are each amended to  
20 read as follows:

21 (1) Once the (~~state liquor and cannabis~~) board adopts rules  
22 under subsection (2) of this section, qualifying patients or  
23 designated providers may only extract or separate the resin from  
24 marijuana or produce or process any form of marijuana concentrates or  
25 marijuana-infused products in accordance with those standards.

26 (2) The (~~state liquor and cannabis~~) board must adopt rules  
27 permitting qualifying patients and designated providers to extract or  
28 separate the resin from marijuana using noncombustible methods. The  
29 rules must provide the noncombustible methods permitted and any  
30 restrictions on this practice.

31 **Sec. 91.** RCW 70.155.010 and 2009 c 278 s 1 are each amended to  
32 read as follows:

33 The definitions set forth in RCW 82.24.010 shall apply to this  
34 chapter. In addition, for the purposes of this chapter, unless  
35 otherwise required by the context:

36 (1) "Board" means the Washington state liquor (~~control~~) and  
37 cannabis board.

1 (2) "Internet" means any computer network, telephonic network, or  
2 other electronic network.

3 (3) "Minor" refers to an individual who is less than eighteen  
4 years old.

5 (4) "Sample" means a tobacco product distributed to members of  
6 the general public at no cost or at nominal cost for product  
7 promotion purposes.

8 (5) "Sampling" means the distribution of samples to members of  
9 the public.

10 (6) "Tobacco product" means a product that contains tobacco and  
11 is intended for human use, including any product defined in RCW  
12 82.24.010(2) or 82.26.010(~~((1))~~) (21), except that for the purposes  
13 of RCW 70.155.140 only, "tobacco product" does not include cigars  
14 defined in RCW 82.26.010 as to which one thousand units weigh more  
15 than three pounds.

16 **Sec. 92.** RCW 70.155.020 and 1993 c 507 s 3 are each amended to  
17 read as follows:

18 A person who holds a license issued under RCW 82.24.520 or  
19 82.24.530 shall:

20 (1) Display the license or a copy in a prominent location at the  
21 outlet for which the license is issued; and

22 (2) Display a sign concerning the prohibition of tobacco sales to  
23 minors.

24 Such sign shall:

25 (a) Be posted so that it is clearly visible to anyone purchasing  
26 tobacco products from the licensee;

27 (b) Be designed and produced by the department of health to read:  
28 "THE SALE OF TOBACCO PRODUCTS TO PERSONS UNDER AGE 18 IS STRICTLY  
29 PROHIBITED BY STATE LAW. IF YOU ARE UNDER 18, YOU COULD BE PENALIZED  
30 FOR PURCHASING A TOBACCO PRODUCT; PHOTO ID REQUIRED"; and

31 (c) Be provided free of charge by the (~~(liquor control)~~) board.

32 **Sec. 93.** RCW 70.155.080 and 2002 c 175 s 47 are each amended to  
33 read as follows:

34 (1) A person under the age of eighteen who purchases or attempts  
35 to purchase, possesses, or obtains or attempts to obtain cigarettes  
36 or tobacco products commits a class 3 civil infraction under chapter  
37 7.80 RCW and is subject to a fine as set out in chapter 7.80 RCW or  
38 participation in up to four hours of community restitution, or both.



1 The court may also require participation in a smoking cessation  
2 program. This provision does not apply if a person under the age of  
3 eighteen, with parental authorization, is participating in a  
4 controlled purchase as part of a (~~liquor control~~) board, law  
5 enforcement, or local health department activity.

6 (2) Municipal and district courts within the state have  
7 jurisdiction for enforcement of this section.

8 **Sec. 94.** RCW 70.155.090 and 2006 c 14 s 4 are each amended to  
9 read as follows:

10 (1) Where there may be a question of a person's right to purchase  
11 or obtain tobacco products by reason of age, the retailer or agent  
12 thereof(~~(r)~~) shall require the purchaser to present any one of the  
13 following officially issued identification that shows the purchaser's  
14 age and bears his or her signature and photograph: (a) Liquor control  
15 authority card of identification of a state or province of Canada;  
16 (b) driver's license, instruction permit, or identification card of a  
17 state or province of Canada; (c) "identocard" issued by the  
18 Washington state department of licensing under chapter 46.20 RCW; (d)  
19 United States military identification; (e) passport; (f) enrollment  
20 card, issued by the governing authority of a federally recognized  
21 Indian tribe located in Washington, that incorporates security  
22 features comparable to those implemented by the department of  
23 licensing for Washington drivers' licenses. At least ninety days  
24 prior to implementation of an enrollment card under this subsection,  
25 the appropriate tribal authority shall give notice to the board. The  
26 board shall publish and communicate to licensees regarding the  
27 implementation of each new enrollment card; or (g) merchant marine  
28 identification card issued by the United States coast guard.

29 (2) It is a defense to a prosecution under RCW 26.28.080 that the  
30 person making a sale reasonably relied on any of the officially  
31 issued identification as defined in subsection (1) of this section.  
32 The (~~liquor control~~) board shall waive the suspension or revocation  
33 of a license if the licensee clearly establishes that he or she acted  
34 in good faith to prevent violations and a violation occurred despite  
35 the licensee's exercise of due diligence.

36 **Sec. 95.** RCW 70.155.100 and 2016 sp.s. c 38 s 23 are each  
37 amended to read as follows:

1 (1) The ((~~liquor and cannabis~~)) board may suspend or revoke a  
2 retailer's license issued under RCW 82.24.510(1)(b) or  
3 82.26.150(1)(b) held by a business at any location, or may impose a  
4 monetary penalty as set forth in subsection (3) of this section, if  
5 the ((~~liquor and cannabis~~)) board finds that the licensee has  
6 violated RCW 26.28.080, 70.155.020, 70.155.030, 70.155.040,  
7 70.155.050, 70.155.070, or 70.155.090.

8 (2) Any retailer's licenses issued under RCW 70.345.020 to a  
9 person whose license or licenses under chapter 82.24 or 82.26 RCW  
10 have been suspended or revoked for violating RCW 26.28.080 must also  
11 be suspended or revoked during the period of suspension or revocation  
12 under this section.

13 (3) The sanctions that the ((~~liquor and cannabis~~)) board may  
14 impose against a person licensed under RCW 82.24.530 or 82.26.170  
15 based upon one or more findings under subsection (1) of this section  
16 may not exceed the following:

17 (a) For violations of RCW 26.28.080, 70.155.020, or 21 C.F.R.  
18 Sec. 1140.14, and for violations of RCW 70.155.040 occurring on the  
19 licensed premises:

20 (i) A monetary penalty of two hundred dollars for the first  
21 violation within any three-year period;

22 (ii) A monetary penalty of six hundred dollars for the second  
23 violation within any three-year period;

24 (iii) A monetary penalty of two thousand dollars and suspension  
25 of the license for a period of six months for the third violation  
26 within any three-year period;

27 (iv) A monetary penalty of three thousand dollars and suspension  
28 of the license for a period of twelve months for the fourth violation  
29 within any three-year period;

30 (v) Revocation of the license with no possibility of  
31 reinstatement for a period of five years for the fifth or more  
32 violation within any three-year period;

33 (b) If the board finds that a person licensed under chapter 82.24  
34 or 82.26 RCW and RCW 70.345.020 has violated RCW 26.28.080, each  
35 subsequent violation of either of the person's licenses counts as an  
36 additional violation within that three-year period.

37 (c) For violations of RCW 70.155.030, a monetary penalty in the  
38 amount of one hundred dollars for each day upon which such violation  
39 occurred;

1 (d) For violations of RCW 70.155.050, a monetary penalty in the  
2 amount of six hundred dollars for each violation;

3 (e) For violations of RCW 70.155.070, a monetary penalty in the  
4 amount of two thousand dollars for each violation.

5 (4) The ((~~liquor and cannabis~~)) board may impose a monetary  
6 penalty upon any person other than a licensed cigarette or tobacco  
7 product retailer if the ((~~liquor and cannabis~~)) board finds that the  
8 person has violated RCW 26.28.080, 70.155.020, 70.155.030,  
9 70.155.040, 70.155.050, 70.155.070, or 70.155.090.

10 (5) The monetary penalty that the ((~~liquor and cannabis~~)) board  
11 may impose based upon one or more findings under subsection (4) of  
12 this section may not exceed the following:

13 (a) For violation of RCW 26.28.080 or 70.155.020, one hundred  
14 dollars for the first violation and two hundred dollars for each  
15 subsequent violation;

16 (b) For violations of RCW 70.155.030, two hundred dollars for  
17 each day upon which such violation occurred;

18 (c) For violations of RCW 70.155.040, two hundred dollars for  
19 each violation;

20 (d) For violations of RCW 70.155.050, six hundred dollars for  
21 each violation;

22 (e) For violations of RCW 70.155.070, two thousand dollars for  
23 each violation.

24 (6) The ((~~liquor and cannabis~~)) board may develop and offer a  
25 class for retail clerks and use this class in lieu of a monetary  
26 penalty for the clerk's first violation.

27 (7) The ((~~liquor and cannabis~~)) board may issue a cease and  
28 desist order to any person who is found by the ((~~liquor and~~  
29 ~~cannabis~~)) board to have violated or intending to violate the  
30 provisions of this chapter, RCW 26.28.080, 82.24.500, or 82.26.190  
31 requiring such person to cease specified conduct that is in  
32 violation. The issuance of a cease and desist order does not preclude  
33 the imposition of other sanctions authorized by this statute or any  
34 other provision of law.

35 (8) The ((~~liquor and cannabis~~)) board may seek injunctive relief  
36 to enforce the provisions of RCW 26.28.080, 82.24.500, 82.26.190 or  
37 this chapter. The ((~~liquor and cannabis~~)) board may initiate legal  
38 action to collect civil penalties imposed under this chapter if the  
39 same have not been paid within thirty days after imposition of such  
40 penalties. In any action filed by the ((~~liquor and cannabis~~)) board

1 under this chapter, the court may, in addition to any other relief,  
2 award the ((~~liquor and cannabis~~)) board reasonable attorneys' fees  
3 and costs.

4 (9) All proceedings under subsections (1) through (7) of this  
5 section shall be conducted in accordance with chapter 34.05 RCW.

6 (10) The ((~~liquor and cannabis~~)) board may reduce or waive either  
7 the penalties or the suspension or revocation of a license, or both,  
8 as set forth in this chapter where the elements of proof are  
9 inadequate or where there are mitigating circumstances. Mitigating  
10 circumstances may include, but are not limited to, an exercise of due  
11 diligence by a retailer. Further, the board may exceed penalties set  
12 forth in this chapter based on aggravating circumstances.

13 **Sec. 96.** RCW 70.155.110 and 1993 c 507 s 12 are each amended to  
14 read as follows:

15 (1) The ((~~liquor control~~)) board shall, in addition to the  
16 board's other powers and authorities, have the authority to enforce  
17 the provisions of this chapter and RCW 26.28.080((~~-4~~)) and  
18 82.24.500. The ((~~liquor control~~)) board shall have full power to  
19 revoke or suspend the license of any retailer or wholesaler in  
20 accordance with the provisions of RCW 70.155.100.

21 (2) The ((~~liquor control~~)) board and the board's authorized  
22 agents or employees shall have full power and authority to enter any  
23 place of business where tobacco products are sold for the purpose of  
24 enforcing the provisions of this chapter.

25 (3) For the purpose of enforcing the provisions of this chapter  
26 and RCW 26.28.080((~~-4~~)) and 82.24.500, a peace officer or  
27 enforcement officer of the ((~~liquor control~~)) board who has  
28 reasonable grounds to believe a person observed by the officer  
29 purchasing, attempting to purchase, or in possession of tobacco  
30 products is under the age of eighteen years of age, may detain such  
31 person for a reasonable period of time and in such a reasonable  
32 manner as is necessary to determine the person's true identity and  
33 date of birth. Further, tobacco products possessed by persons under  
34 the age of eighteen years of age are considered contraband and may be  
35 seized by a peace officer or enforcement officer of the ((~~liquor~~  
36 ~~control~~)) board.

37 (4) The ((~~liquor control~~)) board may work with local county  
38 health departments or districts and local law enforcement agencies to  
39 conduct random, unannounced, inspections to assure compliance.

1           **Sec. 97.** RCW 70.155.120 and 2016 sp.s. c 38 s 2 are each amended  
2 to read as follows:

3           (1) The youth tobacco and vapor products prevention account is  
4 created in the state treasury. All fees collected pursuant to RCW  
5 82.24.520, 82.24.530, 82.26.160, and 82.26.170 and funds collected by  
6 the ((~~liquor and cannabis~~)) board from the imposition of monetary  
7 penalties shall be deposited into this account, except that ten  
8 percent of all such fees and penalties shall be deposited in the  
9 state general fund.

10           (2) Moneys appropriated from the youth tobacco and vapor products  
11 prevention account to the department of health shall be used by the  
12 department of health for implementation of this chapter, including  
13 collection and reporting of data regarding enforcement and the extent  
14 to which access to tobacco products and vapor products by youth has  
15 been reduced.

16           (3) The department of health shall enter into interagency  
17 agreements with the ((~~liquor and cannabis~~)) board to pay the costs  
18 incurred, up to thirty percent of available funds, in carrying out  
19 its enforcement responsibilities under this chapter. Such agreements  
20 shall set forth standards of enforcement, consistent with the funding  
21 available, so as to reduce the extent to which tobacco products and  
22 vapor products are available to individuals under the age of  
23 eighteen. The agreements shall also set forth requirements for data  
24 reporting by the ((~~liquor and cannabis~~)) board regarding its  
25 enforcement activities.

26           (4) The department of health, the ((~~liquor and cannabis~~)) board,  
27 and the department of revenue shall enter into an interagency  
28 agreement for payment of the cost of administering the tobacco  
29 retailer licensing system and for the provision of quarterly  
30 documentation of tobacco wholesaler, retailer, and vending machine  
31 names and locations.

32           (5) The department of health shall, within up to seventy percent  
33 of available funds, provide grants to local health departments or  
34 other local community agencies to develop and implement coordinated  
35 tobacco and vapor product intervention strategies to prevent and  
36 reduce tobacco and vapor product use by youth.

37           **Sec. 98.** RCW 70.158.020 and 2003 c 25 s 2 are each amended to  
38 read as follows:

1 The following definitions apply to this chapter unless the  
2 context clearly requires otherwise.

3 (1) "Brand family" means all styles of cigarettes sold under the  
4 same trademark and differentiated from one another by means of  
5 additional modifiers or descriptors, including, but not limited to,  
6 "menthol," "lights," "kings," and "100s," and includes any brand name  
7 alone or in conjunction with any other word, trademark, logo, symbol,  
8 motto, selling message, recognizable pattern of colors, or any other  
9 indicia of product identification identical or similar to, or  
10 identifiable with, a previously known brand of cigarettes.

11 (2) "Board" means the Washington state liquor (~~(control)~~) and  
12 cannabis board.

13 (3) "Cigarette" has the same meaning as in RCW 70.157.010(d).

14 (4) "Director" means the director of the department of revenue  
15 except as otherwise noted.

16 (5) "Directory" means the directory to be created and published  
17 on a web site by the attorney general pursuant to RCW 70.158.030(2).

18 (6) "Distributor" has the same meaning as in RCW  
19 82.26.010(~~(+3)~~), except that for purposes of this chapter, no person  
20 is a distributor if that person does not deal with cigarettes as  
21 defined in this section.

22 (7) "Master settlement agreement" has the same meaning as in RCW  
23 70.157.010(e).

24 (8) "Nonparticipating manufacturer" means any tobacco product  
25 manufacturer that is not a participating manufacturer.

26 (9) "Participating manufacturer" has the meaning given that term  
27 in section II(jj) of the master settlement agreement.

28 (10) "Qualified escrow fund" has the same meaning as in RCW  
29 70.157.010(f).

30 (11) "Stamp" means "stamp" as defined in RCW 82.24.010(~~(+7)~~) or  
31 as referred to in RCW 43.06.455(4).

32 (12) "Tobacco product manufacturer" has the same meaning as in  
33 RCW 70.157.010(i).

34 (13) "Units sold" has the same meaning as in RCW 70.157.010(j).

35 (14) "Wholesaler" has the same meaning as in RCW 82.24.010.

36 **Sec. 99.** RCW 77.15.750 and 2011 c 320 s 20 are each amended to  
37 read as follows:

38 (1) A person is guilty of unlawful use of a department permit if  
39 the person:

1 (a) Violates any terms or conditions of the permit issued by the  
2 department or the director; or

3 (b) Violates any rule of the commission or the director  
4 applicable to the requirement for, issuance of, or use of the permit.

5 (2)(a) Permits covered under subsection (1) of this section  
6 include, but are not limited to, master hunter permits, crab pot  
7 removal permits and shellfish pot removal permits under RCW  
8 77.70.500, depredation permits, landowner hunting permits, commercial  
9 carp license permits, permits to possess or dispense beer or malt  
10 liquor pursuant to RCW 66.28.210, and permits to hold, sponsor, or  
11 attend an event requiring a banquet permit from the Washington state  
12 liquor ((control)) and cannabis board.

13 (b) Permits excluded from subsection (1) of this section include  
14 the discover pass created in RCW 79A.80.020, the vehicle access pass  
15 created in RCW 79A.80.040, the day-use permit created in RCW  
16 79A.80.030, commercial use or activity permits, noncommercial use or  
17 activity permits, parking permits, experimental fishery permits,  
18 trial commercial fishery permits, and scientific collection permits.

19 (3) Unlawful use of a department permit is a misdemeanor.

20 (4) A person is guilty of unlawful use of an experimental fishery  
21 permit or a trial commercial fishery permit if the person:

22 (a) Violates any terms or conditions of the permit issued by the  
23 department or the director; or

24 (b) Violates any rule of the commission or the director  
25 applicable to the issuance or use of the permit.

26 (5) Unlawful use of an experimental fishery permit or a trial  
27 commercial fishery permit is a gross misdemeanor.

28 (6) The definitions in this subsection apply throughout this  
29 section unless the context clearly requires otherwise.

30 (a) "Experimental fishery permit" means a permit issued by the  
31 director for either:

32 (i) An "emerging commercial fishery," defined as a fishery for a  
33 newly classified species for which the department has determined that  
34 there is a need to limit participation; or

35 (ii) An "expanding commercial fishery," defined as a fishery for  
36 a previously classified species in a new area, by a new method, or at  
37 a new effort level, for which the department has determined that  
38 there is a need to limit participation.

39 (b) "Trial commercial fishery permit" means a permit issued by  
40 the department for trial harvest of a newly classified species or

1 harvest of a previously classified species in a new area or by a new  
2 means.

3 **Sec. 100.** RCW 82.08.155 and 2012 c 39 s 1 are each amended to  
4 read as follows:

5 (1)(a) If the department determines that a taxpayer is more than  
6 thirty days delinquent in reporting or remitting spirits taxes on a  
7 tax return or assessed by the department, including any applicable  
8 penalties and interest on such taxes, the department may request that  
9 the Washington state liquor ((~~control~~)) and cannabis board suspend  
10 the taxpayer's spirits license or licenses and refuse to renew any  
11 existing spirits license held by the taxpayer or issue any new  
12 spirits license to the taxpayer. The department must provide written  
13 notice to the affected taxpayer of the department's request to the  
14 Washington state liquor ((~~control~~)) and cannabis board.

15 (b) Before the department may make a request to the Washington  
16 state liquor ((~~control~~)) and cannabis board as authorized in (a) of  
17 this subsection (1), the department must have provided the taxpayer  
18 with at least seven calendar days prior written notice. This notice  
19 must inform the taxpayer that the department intends to request that  
20 the Washington state liquor ((~~control~~)) and cannabis board suspend  
21 the taxpayer's spirits license or licenses and refuse to renew any  
22 existing license of the taxpayer or issue any new spirits license to  
23 the taxpayer unless, within seven calendar days of the date of the  
24 notice, the taxpayer submits any unfiled tax returns for reporting  
25 spirits taxes and remits full payment of its outstanding spirits tax  
26 liability to the department or negotiates payment arrangements for  
27 the unpaid spirits taxes. The notice required by this subsection  
28 (1)(b) must include information listing any unfiled tax returns; the  
29 amount of unpaid spirits taxes, including any applicable penalties  
30 and interest; who to contact to inquire about payment arrangements;  
31 and that the taxpayer may seek administrative review by the  
32 department of the notice, and the deadline for seeking such review.  
33 Nothing in this subsection (1)(b) requires the department to enter  
34 into any payment arrangement proposed by a taxpayer if the department  
35 determines that the taxpayer's proposal is not satisfactory.

36 (c) The department may not make a request to the Washington state  
37 liquor ((~~control~~)) and cannabis board under ((~~subsection (1)~~)) (a) of  
38 this ((~~section~~)) subsection relating to any spirits taxes that are  
39 the subject of pending administrative review by the department.



1 (2) A taxpayer's right to administrative review of the notice  
2 required in subsection (1)(b) of this section:

3 (a) May be conducted under any rule adopted pursuant to RCW  
4 82.01.060(4) or as a brief adjudicative proceeding under RCW  
5 34.05.485 through 34.05.494; and

6 (b) Does not include the right to challenge the amount of any  
7 spirits taxes assessed by the department if the taxpayer previously  
8 sought or could have sought administrative review of the assessment  
9 as provided in RCW 82.32.160.

10 (3) The notices required by this section may be provided  
11 electronically in accordance with RCW 82.32.135.

12 (4) For purposes of this section:

13 (a) "Spirits license" has the same meaning as in RCW  
14 66.24.010(3)(c); and

15 (b) "Spirits taxes" means the taxes imposed in RCW 82.08.150.

16 **Sec. 101.** RCW 82.24.010 and 2012 2nd sp.s. c 4 s 1 are each  
17 amended to read as follows:

18 Unless the context clearly requires otherwise, the definitions in  
19 this section apply throughout this chapter:

20 (1) "Board" means the Washington state liquor (~~(control)~~) and  
21 cannabis board.

22 (2) "Cigarette" means any roll for smoking made wholly or in part  
23 of tobacco, irrespective of size or shape and irrespective of the  
24 tobacco being flavored, adulterated, or mixed with any other  
25 ingredient, where such roll has a wrapper or cover made of paper or  
26 any material, except where such wrapper is wholly or in the greater  
27 part made of natural leaf tobacco in its natural state. "Cigarette"  
28 includes a roll-your-own cigarette.

29 (3) "Cigarette paper" means any paper or any other material  
30 except tobacco, prepared for use as a cigarette wrapper.

31 (4) "Cigarette tube" means cigarette paper made into a hollow  
32 cylinder for use in making cigarettes.

33 (5) "Commercial cigarette-making machine" means a machine that is  
34 operated in a retail establishment and that is capable of being  
35 loaded with loose tobacco, cigarette paper or tubes, and any other  
36 components related to the production of roll-your-own cigarettes,  
37 including filters.

38 (6) "Indian tribal organization" means a federally recognized  
39 Indian tribe, or tribal entity, and includes an Indian wholesaler or

1 retailer that is owned by an Indian who is an enrolled tribal member  
2 conducting business under tribal license or similar tribal approval  
3 within Indian country. For purposes of this chapter "Indian country"  
4 is defined in the manner set forth in 18 U.S.C. Sec. 1151.

5 (7) "Precollection obligation" means the obligation of a seller  
6 otherwise exempt from the tax imposed by this chapter to collect the  
7 tax from that seller's buyer.

8 (8) "Retailer" means every person, other than a wholesaler, who  
9 purchases, sells, offers for sale or distributes any one or more of  
10 the articles taxed herein, irrespective of quantity or amount, or the  
11 number of sales, and all persons operating under a retailer's  
12 registration certificate.

13 (9) "Retail selling price" means the ordinary, customary or usual  
14 price paid by the consumer for each package of cigarettes, less the  
15 tax levied by this chapter and less any similar tax levied by this  
16 state.

17 (10) "Roll-your-own cigarettes" means cigarettes produced by a  
18 commercial cigarette-making machine.

19 (11) "Stamp" means the stamp or stamps by use of which the tax  
20 levy under this chapter is paid or identification is made of those  
21 cigarettes with respect to which no tax is imposed.

22 (12) "Wholesaler" means every person who purchases, sells, or  
23 distributes any one or more of the articles taxed herein to retailers  
24 for the purpose of resale only.

25 (13) The meaning attributed, in chapter 82.04 RCW, to the words  
26 "person," "sale," "business" and "successor" applies equally in this  
27 chapter.

28 **Sec. 102.** RCW 82.24.551 and 1997 c 420 s 10 are each amended to  
29 read as follows:

30 The department shall appoint, as duly authorized agents,  
31 enforcement officers of the (~~liquor control~~) board to enforce  
32 provisions of this chapter. These officers shall not be considered  
33 employees of the department.

34 **Sec. 103.** RCW 82.26.010 and 2010 1st sp.s. c 22 s 4 are each  
35 reenacted and amended to read as follows:

36 The definitions in this section apply throughout this chapter  
37 unless the context clearly requires otherwise.

- 1 (1) "Actual price" means the total amount of consideration for  
2 which tobacco products are sold, valued in money, whether received in  
3 money or otherwise, including any charges by the seller necessary to  
4 complete the sale such as charges for delivery, freight,  
5 transportation, or handling.
- 6 (2) "Affiliated" means related in any way by virtue of any form  
7 or amount of common ownership, control, operation, or management.
- 8 (3) "Board" means the Washington state liquor (~~(control)~~) and  
9 cannabis board.
- 10 (4) "Business" means any trade, occupation, activity, or  
11 enterprise engaged in for the purpose of selling or distributing  
12 tobacco products in this state.
- 13 (5) "Cigar" means a roll for smoking that is of any size or shape  
14 and that is made wholly or in part of tobacco, irrespective of  
15 whether the tobacco is pure or flavored, adulterated or mixed with  
16 any other ingredient, if the roll has a wrapper made wholly or in  
17 greater part of tobacco. "Cigar" does not include a cigarette.
- 18 (6) "Cigarette" has the same meaning as in RCW 82.24.010.
- 19 (7) "Department" means the department of revenue.
- 20 (8) "Distributor" means (a) any person engaged in the business of  
21 selling tobacco products in this state who brings, or causes to be  
22 brought, into this state from without the state any tobacco products  
23 for sale, (b) any person who makes, manufactures, fabricates, or  
24 stores tobacco products in this state for sale in this state, (c) any  
25 person engaged in the business of selling tobacco products without  
26 this state who ships or transports tobacco products to retailers in  
27 this state, to be sold by those retailers, (d) any person engaged in  
28 the business of selling tobacco products in this state who handles  
29 for sale any tobacco products that are within this state but upon  
30 which tax has not been imposed.
- 31 (9) "Indian country" means the same as defined in chapter 82.24  
32 RCW.
- 33 (10) "Little cigar" means a cigar that has a cellulose acetate  
34 integrated filter.
- 35 (11) "Manufacturer" means a person who manufactures and sells  
36 tobacco products.
- 37 (12) "Manufacturer's representative" means a person hired by a  
38 manufacturer to sell or distribute the manufacturer's tobacco  
39 products, and includes employees and independent contractors.

1 (13) "Moist snuff" means tobacco that is finely cut, ground, or  
2 powdered; is not for smoking; and is intended to be placed in the  
3 oral, but not the nasal, cavity.

4 (14) "Person" means any individual, receiver, administrator,  
5 executor, assignee, trustee in bankruptcy, trust, estate, firm,  
6 copartnership, joint venture, club, company, joint stock company,  
7 business trust, municipal corporation, the state and its departments  
8 and institutions, political subdivision of the state of Washington,  
9 corporation, limited liability company, association, society, any  
10 group of individuals acting as a unit, whether mutual, cooperative,  
11 fraternal, nonprofit, or otherwise. The term excludes any person  
12 immune from state taxation, including the United States or its  
13 instrumentalities, and federally recognized Indian tribes and  
14 enrolled tribal members, conducting business within Indian country.

15 (15) "Place of business" means any place where tobacco products  
16 are sold or where tobacco products are manufactured, stored, or kept  
17 for the purpose of sale, including any vessel, vehicle, airplane,  
18 train, or vending machine.

19 (16) "Retail outlet" means each place of business from which  
20 tobacco products are sold to consumers.

21 (17) "Retailer" means any person engaged in the business of  
22 selling tobacco products to ultimate consumers.

23 (18)(a) "Sale" means any transfer, exchange, or barter, in any  
24 manner or by any means whatsoever, for a consideration, and includes  
25 and means all sales made by any person.

26 (b) The term "sale" includes a gift by a person engaged in the  
27 business of selling tobacco products, for advertising, promoting, or  
28 as a means of evading the provisions of this chapter.

29 (19)(a) "Taxable sales price" means:

30 (i) In the case of a taxpayer that is not affiliated with the  
31 manufacturer, distributor, or other person from whom the taxpayer  
32 purchased tobacco products, the actual price for which the taxpayer  
33 purchased the tobacco products;

34 (ii) In the case of a taxpayer that purchases tobacco products  
35 from an affiliated manufacturer, affiliated distributor, or other  
36 affiliated person, and that sells those tobacco products to  
37 unaffiliated distributors, unaffiliated retailers, or ultimate  
38 consumers, the actual price for which that taxpayer sells those  
39 tobacco products to unaffiliated distributors, unaffiliated  
40 retailers, or ultimate consumers;

1 (iii) In the case of a taxpayer that sells tobacco products only  
2 to affiliated distributors or affiliated retailers, the price,  
3 determined as nearly as possible according to the actual price, that  
4 other distributors sell similar tobacco products of like quality and  
5 character to unaffiliated distributors, unaffiliated retailers, or  
6 ultimate consumers;

7 (iv) In the case of a taxpayer that is a manufacturer selling  
8 tobacco products directly to ultimate consumers, the actual price for  
9 which the taxpayer sells those tobacco products to ultimate  
10 consumers;

11 (v) In the case of a taxpayer that has acquired tobacco products  
12 under a sale as defined in subsection (18)(b) of this section, the  
13 price, determined as nearly as possible according to the actual  
14 price, that the taxpayer or other distributors sell the same tobacco  
15 products or similar tobacco products of like quality and character to  
16 unaffiliated distributors, unaffiliated retailers, or ultimate  
17 consumers; or

18 (vi) In any case where (a)(i) through (v) of this subsection do  
19 not apply, the price, determined as nearly as possible according to  
20 the actual price, that the taxpayer or other distributors sell the  
21 same tobacco products or similar tobacco products of like quality and  
22 character to unaffiliated distributors, unaffiliated retailers, or  
23 ultimate consumers.

24 (b) For purposes of (a)(i) and (ii) of this subsection only,  
25 "person" includes both persons as defined in subsection (14) of this  
26 section and any person immune from state taxation, including the  
27 United States or its instrumentalities, and federally recognized  
28 Indian tribes and enrolled tribal members, conducting business within  
29 Indian country.

30 (c) The department may adopt rules regarding the determination of  
31 taxable sales price under this subsection.

32 (20) "Taxpayer" means a person liable for the tax imposed by this  
33 chapter.

34 (21) "Tobacco products" means cigars, cheroots, stogies,  
35 periques, granulated, plug cut, crimp cut, ready rubbed, and other  
36 smoking tobacco, snuff, snuff flour, cavendish, plug and twist  
37 tobacco, fine-cut and other chewing tobaccos, shorts, refuse scraps,  
38 clippings, cuttings and sweepings of tobacco, and other kinds and  
39 forms of tobacco, prepared in such manner as to be suitable for  
40 chewing or smoking in a pipe or otherwise, or both for chewing and

1 smoking, and any other product, regardless of form, that contains  
2 tobacco and is intended for human consumption or placement in the  
3 oral or nasal cavity or absorption into the human body by any other  
4 means, but does not include cigarettes as defined in RCW 82.24.010.

5 (22) "Unaffiliated distributor" means a distributor that is not  
6 affiliated with the manufacturer, distributor, or other person from  
7 whom the distributor has purchased tobacco products.

8 (23) "Unaffiliated retailer" means a retailer that is not  
9 affiliated with the manufacturer, distributor, or other person from  
10 whom the retailer has purchased tobacco products.

11 **Sec. 104.** RCW 82.26.121 and 1997 c 420 s 11 are each amended to  
12 read as follows:

13 The department shall appoint, as duly authorized agents,  
14 enforcement officers of the (~~liquor control~~) board to enforce  
15 provisions of this chapter. These officers shall not be considered  
16 employees of the department.

17 **Sec. 105.** RCW 82.32.300 and 1997 c 420 s 9 are each amended to  
18 read as follows:

19 The administration of this and chapters 82.04 through 82.27 RCW  
20 of this title is vested in the department of revenue which shall  
21 prescribe forms and rules of procedure for the determination of the  
22 taxable status of any person, for the making of returns and for the  
23 ascertainment, assessment and collection of taxes and penalties  
24 imposed thereunder.

25 The department of revenue shall make and publish rules and  
26 regulations, not inconsistent therewith, necessary to enforce  
27 provisions of this chapter and chapters 82.02 through 82.23B and  
28 82.27 RCW, and the Washington state liquor (~~control~~) and cannabis  
29 board shall make and publish rules necessary to enforce chapters  
30 82.24 and 82.26 RCW, which shall have the same force and effect as if  
31 specifically included therein, unless declared invalid by the  
32 judgment of a court of record not appealed from.

33 The department may employ such clerks, specialists, and other  
34 assistants as are necessary. Salaries and compensation of such  
35 employees shall be fixed by the department and shall be charged to  
36 the proper appropriation for the department.

37 The department shall exercise general supervision of the  
38 collection of taxes and, in the discharge of such duty, may institute

1 and prosecute such suits or proceedings in the courts as may be  
2 necessary and proper.

3 NEW SECTION. **Sec. 106.** RCW 66.24.620 (Sale of spirits by a  
4 holder of a spirits distributor or spirits retail license—State  
5 liquor store closure) is decodified.

--- END ---