

---

**SENATE BILL 5365**

---

**State of Washington**

**67th Legislature**

**2021 Regular Session**

**By** Senator Stanford

1 AN ACT Relating to establishing a Washington state cannabis  
2 commission; amending RCW 41.06.070 and 82.04.270; adding a new  
3 section to chapter 82.04 RCW; and adding a new chapter to Title 69  
4 RCW.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that the board  
7 exists to promote safe communities and public safety. However, there  
8 is no agency to promote the growth and development of the cannabis  
9 industry within the state. The legislature therefore declares:

10 (1) The Washington state cannabis commission is established to  
11 benefit the people of the state of Washington and its economy;

12 (2) The production of cannabis in the state is a new and  
13 important segment of Washington industry, that has potential for  
14 greater contribution to the economy of the state if it undergoes safe  
15 and healthy development;

16 (3) The general welfare of the people of the state will be served  
17 by the development of the safe growing and processing activities of  
18 cannabis. The industry is therefore affected with the public  
19 interest;

20 (4) Creation of a Washington state cannabis commission for the  
21 public purpose of administering the revenue of the commission for the

1 enhancement of the safe production of cannabis will materially  
2 advance the industries of growing and processing cannabis and thereby  
3 the interests of the citizens of the state; and

4 (5) The commerce of cannabis grown, produced, and processed in  
5 the state will contribute substantial benefits to the economy of the  
6 state, provide a large number of jobs, sizeable tax revenues, and  
7 have an important stabilizing effect on prices received by cannabis  
8 producers. The sale and distribution are therefore affected with the  
9 public interest.

10 NEW SECTION. **Sec. 2.** To develop and promote cannabis and  
11 cannabis products as part of an existing comprehensive scheme to  
12 regulate those products, the legislature declares that:

13 (1) Cannabis producers operate within a regulatory environment  
14 that imposes burdens on them for the benefit of society and the  
15 citizens of the state, including restrictions on marketing autonomy;

16 (2) It is in the overriding public interest that support of the  
17 legal cannabis industry be clearly expressed and that cannabis and  
18 cannabis products be promoted individually, and as part of a  
19 comprehensive industry to:

20 (a) Protect the public by educating the public in reference to  
21 the quality, care, and methods used in the production of cannabis and  
22 cannabis products;

23 (b) Increase the knowledge and qualities and value of  
24 Washington's cannabis and cannabis products; and

25 (c) Support and engage in programs or activities that benefit the  
26 safe production, handling, processing, marketing, and uses of  
27 cannabis and cannabis products; and

28 (3) The production and marketing of cannabis is a highly  
29 regulated industry and this chapter and the rules adopted under it  
30 are only one aspect of the regulated industry. Other laws applicable  
31 to the cannabis industry include:

32 (a) Chapter 15.130 RCW, the food safety and security act;

33 (b) Chapter 15.125 RCW, marijuana and marijuana products;

34 (c) Title 66 RCW, alcoholic beverage control;

35 (d) Title 69 RCW, food, drugs, cosmetics, and poisons; and

36 (e) Chapter 82.08 RCW, retail sales tax.

1        NEW SECTION.    **Sec. 3.**    The definitions in this section apply  
2 throughout this chapter unless the context clearly requires  
3 otherwise.

4        (1) "Board" means the liquor and cannabis board.

5        (2) "Cannabis" has the meaning provided for the term "marijuana"  
6 in RCW 69.50.101.

7        (3) "Commission" means the Washington state cannabis commission  
8 established by this chapter.

9        (4) "Cooperative" means a group of more than one, but no more  
10 than four qualified medical marijuana patients or designated  
11 providers who share responsibility for growing and processing  
12 marijuana only for the medical use of the members of the cooperative  
13 as provided in RCW 69.51A.250.

14        (5) "Director" means the director of the board or the director's  
15 designee.

16        (6) "District" means each of the geographical divisions of the  
17 state of Washington established under section 6 of this act.

18        (7) "Fiscal year" means the twelve-month period beginning July  
19 1st of any year and ending June 30th.

20        (8) "Interested parties" means governmental departments,  
21 agencies, and bodies at the federal, state, or local levels, as well  
22 as universities, national and international associations, and other  
23 public and private sector organizations with an interest in cannabis-  
24 related matters.

25        (9) "Processor" means any person or legal entity holding in its  
26 name a marijuana processor license issued by the board.

27        (10) "Producer" means any person or legal entity holding in its  
28 name a marijuana producer license issued by the board, regardless of  
29 whether the same holder has been issued a processor license by the  
30 board.

31        (11) "Retailer" means any person or legal entity holding a  
32 marijuana retail license issued by the board.

33        (12) "Testing laboratory" means any laboratory accredited to  
34 conduct cannabis-related analysis.

35        (13) "Tier" means any of the production licensing categories  
36 established by rule of the board.

37        NEW SECTION.    **Sec. 4.**    The Washington state cannabis commission  
38 is established to:

- 1 (1) Establish plans and conduct programs for cannabis-related  
2 matters;
- 3 (2) Provide for conducting research as provided in commission  
4 rules;
- 5 (3) Cooperate with and act in an advisory capacity to local,  
6 state, and federal agencies or other interested parties with respect  
7 to cannabis-related matters within the scope of the powers and  
8 purposes of the commission and as described in commission rules;
- 9 (4) Cooperate with other interested parties toward standardizing  
10 methods by which to identify and determine the genetics, strains,  
11 cultivars, phenotypes, standards, and grades of cannabis and advise  
12 on packaging and labeling requirements with respect to the same;
- 13 (5) Conduct reviews, surveys, and inquiries regarding market  
14 metrics and analytics, including trends, revenues, profitability,  
15 projections, production, business practices, and other economic  
16 drivers of the industry;
- 17 (6) Inform and advise producers in all matters regarding cannabis  
18 including, but not limited to, educational information on its  
19 cultivation, usage, risks, and related technical and scientific  
20 developments;
- 21 (7) Provide cannabis-related education and training to producers,  
22 processors, researchers, and their employees, including health and  
23 safety information;
- 24 (8) Provide information and services for meeting resource  
25 conservation objectives of producers;
- 26 (9) Assist and cooperate with local, state, or federal government  
27 agencies in the investigation and control of pests, diseases, and  
28 other factors that could adversely affect the cultivation, quality,  
29 or safety of Washington-produced cannabis;
- 30 (10) Advance knowledge and practice of the production of cannabis  
31 in this state through the research and testing of methods to improve  
32 pest management, worker protection and safety training, energy  
33 efficiency, and environmental protection;
- 34 (11) Foster economic conditions favorable to investment in the  
35 production of Washington cannabis consistent with state and federal  
36 laws;
- 37 (12) Limit youth access and youth exposure to cannabis;
- 38 (13) Encourage favorable legislative and regulatory treatment of  
39 Washington cannabis; and

1 (14) Enable cannabis producers of this state, with the aid of the  
2 state to:

3 (a) Develop and engage in research including, but not limited to,  
4 discovering better and more efficient production, irrigation, odor  
5 mitigation, processing, transportation, handling, packaging, and  
6 utilization of cannabis commodities;

7 (b) Provide for uniform grading and proper preparation of  
8 cannabis commodities for market;

9 (c) Protect the interest of consumers and the state by advising  
10 on the overall production of cannabis to assure a balanced,  
11 sufficient, and wholesome supply of cannabis commodities of good  
12 quality at all seasons and times;

13 (d) Discover and develop new and improved cultivars for the  
14 reliable and economical production of cannabis in the state; and

15 (e) Advance knowledge and the practices of processing cannabis in  
16 the state.

17 NEW SECTION. **Sec. 5.** The commission may:

18 (1) Elect a chair and other officers by a majority vote of the  
19 commission or as contained in bylaws adopted by the commission;

20 (2) Adopt, rescind, and amend bylaws and other internal rules of  
21 governance necessary for the administration and operation of the  
22 commission and for carrying out its duties under this chapter;

23 (3) Administer, enforce, direct, and control the provisions of  
24 this chapter;

25 (4) Employ and discharge at its discretion such administrators,  
26 staff, professional consultants and service providers, and other  
27 persons and firms that it may deem appropriate;

28 (5) Designate a public records officer, rules coordinator, and  
29 other representatives required by the laws governing state agencies  
30 and commissions;

31 (6) Comply with all other laws applicable to state agencies and  
32 commissions;

33 (7) Acquire personal property and purchase or lease office space  
34 and other necessary real property and transfer and convey the same;

35 (8) Institute and maintain in its own name any and all legal  
36 actions, including actions by injunction, mandatory injunction, or  
37 civil recovery, or proceedings before administrative tribunals or  
38 other governmental authorities necessary to carry out this chapter;

1 (9) Keep accurate records of all its receipts and disbursements,  
2 which records must be open to inspection and audit by the state  
3 auditor or private auditor designated by the state auditor at least  
4 every five years and at any time by a duly appointed internal auditor  
5 upon a majority vote of the commission;

6 (10) Make necessary disbursements for routine operating expenses;

7 (11) Expend funds for all activities, projects, and undertakings  
8 of the commission permitted under this chapter, including but not  
9 limited to cannabis-related education and training programs for  
10 producers, processors, researchers, or their employees;

11 (12) Cooperate with other interested parties for the purposes of  
12 this chapter;

13 (13) Serve as liaison with the board and all other interested  
14 parties on behalf of the commission and not for any individual  
15 producer or processor;

16 (14) Enter into contracts or cooperative agreements for research  
17 as provided in this chapter;

18 (15) Enter into contracts or interagency agreements with any  
19 other interested parties to carry out this chapter in accordance with  
20 applicable provisions of Title 39 RCW;

21 (16) Solicit, accept, and expend or retain any gifts, bequests,  
22 contributions, or grants from private persons or public agencies to  
23 carry out this chapter;

24 (17) Retain in emergent situations the services of private legal  
25 counsel to conduct legal actions on behalf of the commission,  
26 provided that the retention of a private attorney is subject to the  
27 appointment or approval by the office of the state attorney general;

28 (18) Engage in appropriate activities and events for the purpose  
29 of supporting activities of the commission authorized by this  
30 chapter;

31 (19) Participate in international, federal, state, and local  
32 hearings, meetings, and other proceedings in all matters relating to  
33 cannabis, including without limitation the production, irrigation,  
34 manufacture, regulation, transportation, distribution, sale, or use  
35 of cannabis including activities authorized under RCW 42.17A.635, and  
36 the reporting of those activities to the public disclosure  
37 commission;

38 (20) Obtain from the board a list of the names and addresses of  
39 producers, processors, and retailers, and such other available data  
40 from the state as requested by the commission to be used to

1 disseminate information among and solicit the opinions of producers  
2 with respect to the discharge of the duties of the commission,  
3 directly, or by arrangement with trade associations or other  
4 instrumentalities;

5 (21) Acquire, create, develop, and own intellectual property  
6 rights, licenses, and patents and to collect royalties resulting from  
7 the sale or licensing of commission-funded research, provided all  
8 results and recommendations from research conducted or funded by the  
9 commission must be available to all producers without charge, except  
10 for reasonable out-of-pocket costs as the commission may determine;

11 (22) Speak on behalf of the Washington state government with  
12 regard to cannabis producers, and processors, subject to oversight of  
13 the director;

14 (23) Possess cannabis products for the limited purposes of  
15 section 4 of this act;

16 (24) Adopt rules to implement this chapter;

17 (25) Exercise other powers and duties necessary to carry out this  
18 chapter.

19 NEW SECTION. **Sec. 6.** (1) The commission shall consist of 13  
20 voting members appointed by the director: Eight producer members from  
21 the districts; one statewide at-large producer member; one statewide  
22 tier one or equally small producer member; one statewide tier two or  
23 equally medium producer member; one statewide tier three or equally  
24 large producer member; and the director.

25 (2) A nonvoting advisory council is created to assist the  
26 commission. The director must appoint the following to the advisory  
27 council: One board representative, one processor only member, one  
28 retailer member, and one testing laboratory member.

29 (3) Each member of the commission and the advisory council other  
30 than the director and the board representative must:

31 (a) Be 21 years of age or older;

32 (b) Be a citizen and resident of this state;

33 (c) Directly hold or be a named owner in whole or in majority  
34 part of an entity holding the relevant business license issued by the  
35 board. This license must not be suspended at the time of nomination,  
36 election, or appointment;

37 (d) Be engaged in the production of cannabis within the state of  
38 Washington for a period of three years and have, during that period,  
39 derived a substantial portion of their income therefrom. Any assignee

1 by a licensee must be and have been, either individually or as an  
2 officer or employee of a corporation, firm, partnership, association,  
3 or cooperative, actually engaged in producing cannabis within the  
4 state of Washington for a period of three years and have, during that  
5 period, derived a substantial portion of their income therefrom; and

6 (e) Continue to meet all membership qualifications throughout the  
7 member's term.

8 (4) Producer members in voting positions must be producers with  
9 production facilities in the district in which they are nominated and  
10 elected. Producer members elected to at-large positions may be from  
11 any district.

12 (a) District one, positions one and two, comprises the counties  
13 of Clallam, Island, Jefferson, King, San Juan, Skagit, Snohomish, and  
14 Whatcom.

15 (b) District two, positions three and four, comprises the  
16 counties of Chelan, Douglas, Ferry, Grand, Kittitas, Okanogan, Pend  
17 Oreille, and Stevens.

18 (c) District three, positions five and six, comprises the  
19 counties of Adams, Asotin, Benton, Columbia, Franklin, Garfield,  
20 Lincoln, Spokane, Walla Walla, Whitman, and Yakima.

21 (d) District four, positions seven and eight, comprises the  
22 counties of Clark, Cowlitz, Grays Harbor, Kitsap, Klickitat, Lewis,  
23 Mason, Pacific, Pierce, Skamania, Thurston, and Wahkiakum.

24 (5) Commission members serve three-year terms. Of the initial  
25 members, four must be appointed by the director for a one-year term,  
26 four must be appointed by the director for a two-year term, and four  
27 must be appointed by the director for a three-year term. Thereafter,  
28 commission members other than the director must be elected by a vote  
29 of active producers in each district for three-year terms. The  
30 initial members must be considered from a pool of self-nominated  
31 active producers from each district under this section.

32 (6) If a vacancy occurs on the board, the commission must provide  
33 a nomination to the director who must immediately appoint a  
34 replacement.

35 (7) When making initial appointments and replacement  
36 appointments, the director must consider appointments based upon  
37 maintaining a balanced and diverse distribution of members based on  
38 race, ethnicity, geographic location, gender identity, sexual  
39 orientation, and age, where practicable.



1 (8) Nine voting members of the commission constitute a quorum for  
2 the transaction of any commission business.

3 (9) Each member or employee of the commission shall be reimbursed  
4 for expenses incurred in the performance of their duties in  
5 accordance with RCW 43.03.050 and 43.03.060.

6 (10) Within 90 days after the effective date of this section, the  
7 director must appoint the initial members of the commission.

8 NEW SECTION. **Sec. 7.** (1) The commission, before the beginning  
9 of its fiscal year, must prepare and submit to the director for  
10 approval its research plan, its education and training plan, and its  
11 budget for that fiscal year.

12 (2) The director must review and approve or disapprove all  
13 submissions described in this section in a timely manner.

14 (3) The commission must develop and submit to the director for  
15 approval any plans, programs, and projects concerning, but not  
16 limited to, the following:

17 (a) The establishment, issuance, effectuation, and administration  
18 of appropriate programs or projects for the education of the affected  
19 commodities; and

20 (b) The establishment and effectuation of research projects,  
21 market development projects, or both to the end that the affected  
22 cannabis and cannabis product may be encouraged, expanded, improved,  
23 or made more efficient consistent with state and federal laws.

24 (4) The director must review the commission's education program  
25 to ensure that no false claims are being made concerning cannabis and  
26 that they are in keeping with state and federal laws.

27 NEW SECTION. **Sec. 8.** The Washington state cannabis commission  
28 account is created in the state treasury. All receipts received under  
29 this chapter must be deposited into the account. Moneys in the  
30 account may be spent only after appropriation from the board.  
31 Expenditures from the account may be used only for carrying out the  
32 purposes of this chapter.

33 NEW SECTION. **Sec. 9.** The surcharge levied under section 13 of  
34 this act constitutes a personal debt of every person charged or who  
35 otherwise owes the surcharge, and the surcharge is due and payable on  
36 behalf of the commission.

1        NEW SECTION.    **Sec. 10.**    (1) Financial and commercial information  
2 and records submitted to either the board or the commission for the  
3 purpose of administering this chapter may be shared between the board  
4 and the commission. They may also be used, if required, in any suit  
5 or administrative hearing involving this chapter.

6        (2) This section does not prohibit:

7        (a) The issuance of general statements based upon the reports of  
8 producers subject to this chapter if the statements do not identify a  
9 specific producer or licensee; or

10       (b) The publication by the director or the commission of the name  
11 of a producer violating this chapter and a statement of the manner of  
12 the violation by that producer.

13       NEW SECTION.    **Sec. 11.**    Obligations incurred by the commission  
14 and any other liabilities or claims against the commission must be  
15 enforced only against the assets of the commission and, except to the  
16 extent of such assets, no liability for the debts or actions of the  
17 commission exists against either the state of Washington or any  
18 subdivision or instrumentality thereof or against any member,  
19 employee, or agent of the commission or the state of Washington in  
20 the person's individual capacity. Except as otherwise provided in  
21 this chapter, neither the commission members, nor its employees, may  
22 be held individually responsible for errors in judgment, mistakes, or  
23 other acts either of commission or omission, as principal, agent,  
24 person, or employee, except for their own individual acts of  
25 dishonesty or crime. No person or employee may be held individually  
26 responsible for any act or omission of any other commission members.  
27 The liability of the commission members shall be several and not  
28 joint, and no member is liable for the default of any other member.  
29 This section confirms that commission members have been, and continue  
30 to be, state officers, employees, or volunteers for purposes of RCW  
31 4.92.075 and are entitled to the defenses, indemnifications,  
32 limitations of liability, and other protections and benefits of  
33 chapter 4.92 RCW.

34       NEW SECTION.    **Sec. 12.**    All costs incurred by the board,  
35 including the adoption of rules and other actions necessary to carry  
36 out this chapter, must be reimbursed by the commission. The  
37 commission must provide funds to the board according to the rules  
38 adopted by the director.

1        NEW SECTION.    **Sec. 13.**    A new section is added to chapter 82.04  
2    RCW to read as follows:

3        (1) Beginning October 1, 2021, in addition to the tax imposed  
4    under RCW 82.04.270, a surcharge is imposed on persons engaging  
5    within this state in the business of making wholesale sales of  
6    marijuana or marijuana products. The surcharge is:

7        (a) Equal to 0.29 percent of the gross proceeds of sales at  
8    wholesale of marijuana including mature marijuana plants, immature  
9    marijuana plants or clones, marijuana plant tissue culture, and  
10    marijuana seeds; and

11       (b) Equal to 0.145 percent of the gross proceeds of sales at  
12    wholesale of marijuana products ready for a consumer.

13       (2) All receipts from the surcharge under this section must be  
14    deposited into the account created in section 8 of this act.

15       (3) For purposes of this section, the terms "marijuana" and  
16    "marijuana products" have the meaning provided in RCW 69.50.101.

17       (4) Any penalties or interest collected on taxes due under this  
18    section must be deposited in the account in section 8 of this act.

19       (5) The provisions of chapter 82.32 RCW apply to this section.

20       **Sec. 14.**    RCW 41.06.070 and 2019 c 146 s 3 are each amended to  
21    read as follows:

22       (1) The provisions of this chapter do not apply to:

23       (a) The members of the legislature or to any employee of, or  
24    position in, the legislative branch of the state government including  
25    members, officers, and employees of the legislative council, joint  
26    legislative audit and review committee, statute law committee, and  
27    any interim committee of the legislature;

28       (b) The justices of the supreme court, judges of the court of  
29    appeals, judges of the superior courts or of the inferior courts, or  
30    to any employee of, or position in the judicial branch of state  
31    government;

32       (c) Officers, academic personnel, and employees of technical  
33    colleges;

34       (d) The officers of the Washington state patrol;

35       (e) Elective officers of the state;

36       (f) The chief executive officer of each agency;

37       (g) In the departments of employment security and social and  
38    health services, the director and the director's confidential  
39    secretary; in all other departments, the executive head of which is

1 an individual appointed by the governor, the director, his or her  
2 confidential secretary, and his or her statutory assistant directors;

3 (h) In the case of a multimember board, commission, or committee,  
4 whether the members thereof are elected, appointed by the governor or  
5 other authority, serve ex officio, or are otherwise chosen:

6 (i) All members of such boards, commissions, or committees;

7 (ii) If the members of the board, commission, or committee serve  
8 on a part-time basis and there is a statutory executive officer: The  
9 secretary of the board, commission, or committee; the chief executive  
10 officer of the board, commission, or committee; and the confidential  
11 secretary of the chief executive officer of the board, commission, or  
12 committee;

13 (iii) If the members of the board, commission, or committee serve  
14 on a full-time basis: The chief executive officer or administrative  
15 officer as designated by the board, commission, or committee; and a  
16 confidential secretary to the chair of the board, commission, or  
17 committee;

18 (iv) If all members of the board, commission, or committee serve  
19 ex officio: The chief executive officer; and the confidential  
20 secretary of such chief executive officer;

21 (i) The confidential secretaries and administrative assistants in  
22 the immediate offices of the elective officers of the state;

23 (j) Assistant attorneys general;

24 (k) Commissioned and enlisted personnel in the military service  
25 of the state;

26 (l) Inmate, student, and temporary employees, and part-time  
27 professional consultants, as defined by the director;

28 (m) Officers and employees of the Washington state fruit  
29 commission;

30 (n) Officers and employees of the Washington apple commission;

31 (o) Officers and employees of the Washington state dairy products  
32 commission;

33 (p) Officers and employees of the Washington tree fruit research  
34 commission;

35 (q) Officers and employees of the Washington state beef  
36 commission;

37 (r) Officers and employees of the Washington grain commission;

38 (s) Officers and employees of any commission formed under chapter  
39 15.66 RCW;

1 (t) Officers and employees of agricultural commissions formed  
2 under chapter 15.65 RCW;

3 (u) Executive assistants for personnel administration and labor  
4 relations in all state agencies employing such executive assistants  
5 including but not limited to all departments, offices, commissions,  
6 committees, boards, or other bodies subject to the provisions of this  
7 chapter and this subsection shall prevail over any provision of law  
8 inconsistent herewith unless specific exception is made in such law;

9 (v) In each agency with fifty or more employees: Deputy agency  
10 heads, assistant directors or division directors, and not more than  
11 three principal policy assistants who report directly to the agency  
12 head or deputy agency heads;

13 (w) Staff employed by the department of commerce to administer  
14 energy policy functions;

15 (x) The manager of the energy facility site evaluation council;

16 (y) A maximum of ten staff employed by the department of commerce  
17 to administer innovation and policy functions, including the three  
18 principal policy assistants exempted under (v) of this subsection;

19 (z) Staff employed by Washington State University to administer  
20 energy education, applied research, and technology transfer programs  
21 under RCW 43.21F.045 as provided in RCW 28B.30.900(5);

22 (aa) Officers and employees of the consolidated technology  
23 services agency created in RCW 43.105.006 that perform the following  
24 functions or duties: Systems integration; data center engineering and  
25 management; network systems engineering and management; information  
26 technology contracting; information technology customer relations  
27 management; and network and systems security;

28 (bb) The executive director of the Washington statewide reentry  
29 council;

30 (cc) Officers and employees of the Washington state cannabis  
31 commission formed under chapter 69.--- RCW (the new chapter created  
32 in section 16 of this act).

33 (2) The following classifications, positions, and employees of  
34 institutions of higher education and related boards are hereby  
35 exempted from coverage of this chapter:

36 (a) Members of the governing board of each institution of higher  
37 education and related boards, all presidents, vice presidents, and  
38 their confidential secretaries, administrative, and personal  
39 assistants; deans, directors, and chairs; academic personnel; and  
40 executive heads of major administrative or academic divisions

1 employed by institutions of higher education; principal assistants to  
2 executive heads of major administrative or academic divisions; other  
3 managerial or professional employees in an institution or related  
4 board having substantial responsibility for directing or controlling  
5 program operations and accountable for allocation of resources and  
6 program results, or for the formulation of institutional policy, or  
7 for carrying out personnel administration or labor relations  
8 functions, legislative relations, public information, development,  
9 senior computer systems and network programming, or internal audits  
10 and investigations; and any employee of a community college district  
11 whose place of work is one which is physically located outside the  
12 state of Washington and who is employed pursuant to RCW 28B.50.092  
13 and assigned to an educational program operating outside of the state  
14 of Washington;

15 (b) The governing board of each institution, and related boards,  
16 may also exempt from this chapter classifications involving research  
17 activities, counseling of students, extension or continuing education  
18 activities, graphic arts or publications activities requiring  
19 prescribed academic preparation or special training as determined by  
20 the board: PROVIDED, That no nonacademic employee engaged in office,  
21 clerical, maintenance, or food and trade services may be exempted by  
22 the board under this provision;

23 (c) Printing craft employees in the department of printing at the  
24 University of Washington.

25 (3) In addition to the exemptions specifically provided by this  
26 chapter, the director may provide for further exemptions pursuant to  
27 the following procedures. The governor or other appropriate elected  
28 official may submit requests for exemption to the office of financial  
29 management stating the reasons for requesting such exemptions. The  
30 director shall hold a public hearing, after proper notice, on  
31 requests submitted pursuant to this subsection. If the director  
32 determines that the position for which exemption is requested is one  
33 involving substantial responsibility for the formulation of basic  
34 agency or executive policy or one involving directing and controlling  
35 program operations of an agency or a major administrative division  
36 thereof, or is a senior expert in enterprise information technology  
37 infrastructure, engineering, or systems, the director shall grant the  
38 request. The total number of additional exemptions permitted under  
39 this subsection shall not exceed one percent of the number of  
40 employees in the classified service not including employees of

1 institutions of higher education and related boards for those  
2 agencies not directly under the authority of any elected public  
3 official other than the governor, and shall not exceed a total of  
4 twenty-five for all agencies under the authority of elected public  
5 officials other than the governor.

6 (4) The salary and fringe benefits of all positions presently or  
7 hereafter exempted except for the chief executive officer of each  
8 agency, full-time members of boards and commissions, administrative  
9 assistants and confidential secretaries in the immediate office of an  
10 elected state official, and the personnel listed in subsections  
11 (1)(j) through (t) and (2) of this section, shall be determined by  
12 the director. Changes to the classification plan affecting exempt  
13 salaries must meet the same provisions for classified salary  
14 increases resulting from adjustments to the classification plan as  
15 outlined in RCW 41.06.152.

16 (5)(a) Any person holding a classified position subject to the  
17 provisions of this chapter shall, when and if such position is  
18 subsequently exempted from the application of this chapter, be  
19 afforded the following rights: If such person previously held  
20 permanent status in another classified position, such person shall  
21 have a right of reversion to the highest class of position previously  
22 held, or to a position of similar nature and salary.

23 (b) Any classified employee having civil service status in a  
24 classified position who accepts an appointment in an exempt position  
25 shall have the right of reversion to the highest class of position  
26 previously held, or to a position of similar nature and salary.

27 (c) A person occupying an exempt position who is terminated from  
28 the position for gross misconduct or malfeasance does not have the  
29 right of reversion to a classified position as provided for in this  
30 section.

31 **Sec. 15.** RCW 82.04.270 and 2004 c 24 s 5 are each amended to  
32 read as follows:

33 (1) Upon every person engaging within this state in the business  
34 of making sales at wholesale, except persons taxable as wholesalers  
35 under other provisions of this chapter; as to such persons the amount  
36 of tax with respect to such business shall be equal to the gross  
37 proceeds of sales of such business multiplied by the rate of 0.484  
38 percent.

1       (2) Upon every person engaging within this state in the business  
2 of making sales at wholesale, including persons subject to the  
3 surcharge under section 13 of this act, except persons otherwise  
4 taxable as wholesalers under other provisions of this chapter; as to  
5 such persons the amount of tax with respect to such business shall be  
6 equal to the gross proceeds of sales of such business multiplied by  
7 the rate of 0.484 percent.

8       NEW SECTION.       **Sec. 16.**       Sections 1 through 12 of this act  
9 constitute a new chapter in Title 69 RCW.

--- END ---