

Multiple Agency Fiscal Note Summary

Bill Number: 1449 S HB	Title: Home cultivation of cannabis
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Estimated Cash Receipts

NONE

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts	Fiscal note not available					
Loc School dist-SPI						
Local Gov. Other	Fiscal note not available					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Administrative Office of the Courts	Fiscal note not available											
Caseload Forecast Council	Fiscal note not available											
Liquor and Cannabis Board	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Washington State Patrol	Fiscal note not available											
Criminal Justice Training Commission	Fiscal note not available											
Department of Children, Youth, and Families	Fiscal note not available											
Department of Corrections	Fiscal note not available											
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Total									
Local Gov. Courts	Fiscal note not available								
Loc School dist-SPI									
Local Gov. Other	Fiscal note not available								

Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Administrative Office of the Courts	Fiscal note not available								
Caseload Forecast Council	Fiscal note not available								
Liquor and Cannabis Board	.0	0	0	.0	0	0	.0	0	0
Washington State Patrol	Fiscal note not available								
Criminal Justice Training Commission	Fiscal note not available								
Department of Children, Youth, and Families	Fiscal note not available								
Department of Corrections	Fiscal note not available								
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	Fiscal note not available								
Loc School dist-SPI									
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Breakout

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Individual State Agency Fiscal Note

Bill Number: 1449 S HB	Title: Home cultivation of cannabis	Agency: 195-Liquor and Cannabis Board
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Matt Mazur-Hart	Phone: 360-786-7139	Date: 02/24/2025
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 02/25/2025
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 02/25/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 02/25/2025

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 1(7) (RCW 69.50.4013) allows for production and possession by a person 21 yrs of age or older, of no more than six cannabis plants and the products derived from those plants, on the premises of their housing unit. No more than 15 plants may be produced at any one time on the premises of a single housing unit. The plants must not be readily smelled from a public place or private property of another housing unit, or visible within the ordinary public view.

Section 1(7c)(ii) makes it a felony for a person to produce and knowingly possess 16 or more plants.

Section 1(7e) states that the board has no authority or responsibility to investigate or enforce requirements in this subsection (7). Nothing in this subsection (7)(e) limits the board's authority to enforce state laws related to commercial cannabis production, processing, or sales, when there is evidence of a violation of another provision of this chapter.

Section 1(7)(f): MODIFIED

1) Specifies that an individual gets one warning related to producing or knowingly possessing cannabis plants or the cannabis and cannabis products derived from those plants outside of the legal authorization.

2) Directs law enforcement officers and enforcement personnel within jurisdictions in which there is no licensed cannabis retailer to consider at their discretion, the lack of accessible cannabis, and the totality of the circumstances, when deciding to enforce Washington law against an individual suspected of producing or knowingly possessing cannabis in violation of Washington law.

Section 1(7)(g-h) NEW:

1) Requires cannabis plants lawfully produced by persons age 21 and over to be sourced from a licensed cannabis producer.

2) Adds traceability requirements administered by the Liquor and Cannabis Board (LCB) to the cannabis home production authorization, subject to a fee the LCB may impose to recoup costs.

3) Adds cannabis waste disposal requirements to the cannabis home production authorization, and limits criminal liability of solid waste facility or waste management service providers.

4) Requires cannabis producers to post information for consumers about Washington law regarding home production of cannabis.

5) Requires the LCB to post comprehensive information and answers to frequently asked questions on the LCB's website related to the cannabis home production authorization including information about risk of civil and criminal legal liability that may arise for individuals producing cannabis and about the aspects of the activity that are legal and aspects of activity that are illegal or for which the legal status is not specified and therefore may carry risk of liability.

Section 2: NEW

Requires all law enforcement personnel required to complete basic law enforcement training, beginning July 1, 2026, to complete bias training on the war on drugs, including the bias around cannabis and the history of cannabis in the war on drugs, how certain communities were targeted and disproportionately impacted by use of these laws, and about an individual's right to one warning related to producing or knowingly possessing cannabis outside of legal authorization.

CHANGES MADE BY THE SUBSTITUTE:

Section 1(7a): Adds a liability insurance coverage requirement to the authorization for a person age 21 or over to produce and possess six cannabis plants and the cannabis and cannabis products derived from those plants.

Section 1(7)(f): MODIFIED

- 1) Specifies that an individual gets one warning related to producing or knowingly possessing cannabis plants or the cannabis and cannabis products derived from those plants outside of the legal authorization.
- 2) Directs law enforcement officers and enforcement personnel within jurisdictions in which there is no licensed cannabis retailer to consider at their discretion, the lack of accessible cannabis, and the totality of the circumstances, when deciding to enforce Washington law against an individual suspected of producing or knowingly possessing cannabis in violation of Washington law.

Section 1(7)(g-h) NEW:

- 1) Requires cannabis plants lawfully produced by persons age 21 and over to be sourced from a licensed cannabis producer.
- 2) Adds traceability requirements administered by the Liquor and Cannabis Board (LCB) to the cannabis home production authorization, subject to a fee the LCB may impose to recoup costs.
- 3) Adds cannabis waste disposal requirements to the cannabis home production authorization, and limits criminal liability of solid waste facility or waste management service providers.
- 4) Requires cannabis producers to post information for consumers about Washington law regarding home production of cannabis.
- 5) Requires the LCB to post comprehensive information and answers to frequently asked questions on the LCB's website related to the cannabis home production authorization including information about risk of civil and criminal legal liability that may arise for individuals producing cannabis and about the aspects of the activity that are legal and aspects of activity that are illegal or for which the legal status is not specified and therefore may carry risk of liability.

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II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

ENFORCEMENT DIVISION:

FY26: \$791,547

FY27+: \$753,717/yr

The Washington State Liquor and Cannabis Board ("Board") keeps detailed statistics on all of its enforcement activities and tracks this activity using a unit of measure called a Field Increment (FI). All direct enforcement activities such as premise checks, inspections and investigations are tracked to determine how many FI's are needed to accomplish each activity. Each FI is equivalent to 1/10th of an hour (6 minutes). For example, if a tavern premise check takes 2 FI's and two officers, it is anticipated that one check will consume 4 FI's. Using historical data to factor out indirect activities such as driving time, training, office time and leave, it has been determined that officers are available for an average of 4,220 FI's each year.

Although the Board is not granted additional powers from this legislation, the agency anticipates receiving more external complaints for illicit producer activity. Some of these complaints will have elements that may indicate that a location is a nexus of cannabis products into the illegal market. Such complaints will require a cursory investigation to determine if there is such a business relationship between a location and a licensed business. If evidence is found to exist then a more detailed investigation will be started.

Please see the attached "1449 SHB Home cultivation of Cannabis - Enforcement Field Increment Calculator.pdf" for the workload calculations.

0.3 FTE LCB Enforcement Officer 2 - \$42,519/yr (\$35,598 salary/benefits, \$6,921 in associated costs).

In addition, the traceability requirements in Section 1(7h) will generate added work for the cannabis examiner team:

5.0 FTE Data Consultant 3 - \$584,295/yr (\$557,395 salary/benefits, \$26,900 in associated costs). Onetime costs in FY26 of \$31,525 for equipment purchases.

1.0 FTE Data Consultant 4 - \$126,903/yr (\$121,523 salary/benefits, \$5,380 in associated costs). Onetime costs in FY26 of \$6,305 for equipment purchases.

INFORMATION TECHNOLOGY DIVISION:

The agency's CCRS (Cannabis Central Reporting System) does not have the functionality necessary to do the tracking required under this legislation.

A new traceability system is in the beginning stages of procurement, which is anticipated to take as many as 5-10 years for implementation.

In 2023, the agency conducted an RFI on a cannabis traceability system, which returned responses from a few million to \$50 million in cost.

Due to the uncertainty of timeline and costs, this estimate is INDETERMINATE.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Enforcement Field Increment (FI) Calculator

1449 SHB "Home cultivation of Cannabis"

	Number of events	Time Factor	Staffing Factor	FI Total
Complaint Investigations Cannabis	24	20	1.3	624
Search and Seizure	1	51	13	663

<u>Factors</u>	<u>Values</u>
Complaint Investigations Cannabis	2 per month
Search and Seizure	1 per year

Total FI's	1,287
Total Field Increments per FTE	4,220
FTE's required	0.30
Round	0.30