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## Government Accountability & Oversight Committee

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### HB 2304

**Brief Description:** Concerning marijuana processing and retail licenses.

**Sponsors:** Representative Moscoso; by request of Liquor Control Board.

#### Brief Summary of Bill

- Permits marijuana processors to sell marijuana extracts in addition to useable marijuana and marijuana-infused products to retailers and other processors.
- Permits marijuana retailers to sell marijuana extracts and concentrates to consumers.
- Defines the amount of marijuana extract product any person over 21 years old is allowed to purchase at a marijuana retail outlet.

**Hearing Date:** 1/27/14

**Staff:** David Rubenstein (786-7153).

#### Background:

##### Introduction to Initiative Measure No. 502.

Initiative Measure No. 502 (I-502 or initiative) was a ballot measure approved by Washington voters in November of 2012 that legalizes the production, processing, possession and personal use of marijuana on a limited scale, creates a framework for a regulatory scheme to be further developed by the Liquor Control Board (LCB) through its rule-making authority, and revises provisions in criminal statute to accommodate such legalization in accordance with the requirements of the initiative.

##### Licensing of Marijuana Producers, Processors, and Retailers.

I-502 creates three categories of marijuana marketing licenses to be issued by the LCB in implementing the statutory scheme outlined in the initiative: (1) The marijuana producer's license entitles the holder to produce marijuana for sale at wholesale to licensed marijuana

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processors or other producers; (2) The marijuana processor's license entitles the holder to process, package, and label marijuana for sale at wholesale to marijuana retailers; and (3) The marijuana retailer's license entitles the holder to sell marijuana products at retail prices in retail outlets.

#### Restrictions on Licensed Marijuana Retailers.

Under I-502, licensed marijuana retailers are subject to specified restrictions. Among those restrictions are prohibitions on the following:

- the sale of products or services other than marijuana products or related paraphernalia;
- employment of persons under 21 years of age;
- allowing persons under 21 years of age to enter or remain on the premises; and
- allowing the opening or consumption of marijuana products on the premises.

A retail licensee who violates any of these advertising prohibitions is subject to a \$1,000 fine for each violation.

#### Varieties of Marijuana Products.

The initiative spelled out two different kinds of marijuana products: "useable marijuana," defined as dried marijuana flowers and "marijuana-infused products," defined as products containing marijuana or marijuana extracts intended for human use. The two definitions are mutually exclusive.

The statutory definition of marijuana includes all parts of the Cannabis plant and the resin extracted from any part of it.

#### Restrictions on Sale.

Processors are permitted to sell useable marijuana and marijuana-infused products to retailers, and retailers are permitted to sell those items to consumers. However, processors and retailers are not currently permitted to sell marijuana extracts. Neither are processors permitted to sell marijuana in any form to other processors.

#### Allowable Quantities of Marijuana.

Under I-502, persons 21 years of age or older are permitted to possess:

- 1 ounce of useable marijuana;
- 16 ounces of marijuana-infused product in solid form; or
- 72 ounces of marijuana-infused product in liquid form.

Retailers are permitted to sell useable marijuana and marijuana-infused products in the same quantities and in any combination from the premises of a marijuana retail outlet.

#### **Summary of Bill:**

Licensed marijuana processors are permitted to sell marijuana, including marijuana extracts, useable marijuana, and marijuana-infused products to other processors and to retailers. Similarly, licensed retailers are permitted to sell marijuana extracts to the same consumers who are currently permitted to purchase useable marijuana and marijuana-infused products and subject to the same restrictions.

Marijuana retailers are permitted to sell up to 7 grams of marijuana extract product from the premises of a retail outlet, in any combination with allowable amounts of other kinds of marijuana products.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.