

FINAL BILL REPORT

ESHB 2304

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Synopsis as Enacted

Brief Description: Concerning marijuana processing and retail licenses.

Sponsors: House Committee on Government Accountability & Oversight (originally sponsored by Representative Moscoso; by request of Liquor Control Board).

House Committee on Government Accountability & Oversight

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 and creates a framework for a regulatory scheme to be further developed by the Liquor Control Board (LCB) through its rule-making authority.

Licensing of Marijuana Producers, Processors, and Retailers.

The initiative creates three categories of marijuana marketing licenses to be issued by the LCB: (1) the marijuana producer's license entitles the holder to produce marijuana for sale at wholesale to licensed marijuana 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. The initiative also created a tax framework wherein sales from marijuana producers to processors, from processors to retailers, and retailers to consumers are each subject to an excise tax of 25 percent.

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.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

A retail licensee who violates any of these 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: (1) "useable marijuana," defined as dried marijuana flowers; and (2) "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 may sell useable marijuana and marijuana-infused products to retailers, and retailers may sell those items to consumers. However, processors and retailers may not currently 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 may 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 may sell useable marijuana and marijuana-infused products in the same quantities and in any combination from the premises of a marijuana retail outlet.

Summary:

"Marijuana concentrates" is defined as resin extracted from the Cannabis plant with a high THC concentration, in contrast to "marijuana," which includes the entire Cannabis plant. The definition of "marijuana-infused products" is changed to include marijuana or marijuana extracts with between 0.3 percent and 60 percent THC concentration.

Licensed marijuana processors may sell marijuana, including marijuana concentrates, useable marijuana, and marijuana-infused products to other processors and to retailers. Similarly, licensed retailers may sell marijuana concentrates to the same consumers who are currently allowed to purchase useable marijuana and marijuana-infused products and subject to the same restrictions. Sales of marijuana between producers and processors and between retailers and consumers are included in the I-502 excise tax framework. Marijuana concentrates are incorporated into various provisions governing marijuana licensees.

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

Account numbers and values provided to the LCB in connection with an application for a marijuana producer, processor, or retailer license are exempted from Public Records Act (PRA) disclosure.

Votes on Final Passage:

House	91	7
Senate	42	7

Effective: June 12, 2014