

HOUSE BILL REPORT

HB 2365

As Reported by House Committee On:
Commerce & Gaming

Title: An act relating to allowing marijuana retailers to sell marijuana merchandise.

Brief Description: Allowing marijuana retailers to sell marijuana merchandise.

Sponsors: Representatives Wylie, Hurst, Fitzgibbon, S. Hunt, McBride, Kirby, Condotta, Moeller and Buys.

Brief History:

Committee Activity:

Commerce & Gaming: 1/19/16, 2/1/16 [DP].

Brief Summary of Bill

- Authorizes licensed marijuana retailers to sell wearable apparel that is connected to the retail outlet or a marijuana product line sold by the retail outlet.
- Requires the Liquor and Cannabis Board to establish marketing standards to ensure that marijuana merchandise and other products sold by licensed marijuana retailers are not intended to appeal to minors or otherwise encourage marijuana use by minors.

HOUSE COMMITTEE ON COMMERCE & GAMING

Majority Report: Do pass. Signed by 8 members: Representatives Hurst, Chair; Wylie, Vice Chair; Condotta, Ranking Minority Member; Holy, Assistant Ranking Minority Member; Blake, Kirby, Scott and Vick.

Minority Report: Do not pass. Signed by 1 member: Representative Van De Wege.

Staff: Peter Clodfelter (786-7127).

Background:

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.

Under the legal framework created by Washington State Initiative Measure No. 502, licensed marijuana retailers are authorized to sell useable marijuana, marijuana-infused products, marijuana concentrates, and certain paraphernalia at retail in retail outlets, regulated by the Liquor and Cannabis Board (LCB), to persons 21 years of age and older. In accordance with chapter 69.50 RCW and the LCB's rules, the possession, delivery, distribution, and sale of useable marijuana, marijuana-infused products, and marijuana concentrates by a licensed marijuana retailer are not criminal or civil offenses under Washington law.

Licensed marijuana retail outlets may not sell products or services other than useable marijuana, marijuana-infused products, marijuana concentrates, and paraphernalia intended for the storage or use of useable marijuana, marijuana-infused products, or marijuana concentrates. The LCB must fine a licensed marijuana retailer \$1,000 for each violation.

Summary of Bill:

Marijuana merchandise is added to the list of products or services that licensed marijuana retailers may sell at retail outlets. The term "marijuana merchandise" is defined as wearable apparel that serves to promote or advertise the retail outlet or a product line sold by the retail outlet and that has labeling affixed to the wearable apparel that includes: (1) the retail outlet's name, logo, or other symbol associated with the retail outlet; or (2) a name, logo, or other symbol associated with a product line sold by the retail outlet.

The LCB must establish retail product design and marketing standards to ensure that marijuana merchandise and other products sold by licensed marijuana retailers are not intended to appeal to minors or otherwise encourage marijuana use by minors.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 2016.

Staff Summary of Public Testimony:

(In support) This bill will give marijuana retailers an additional stream of revenue and potentially put downward pressure on marijuana prices. It will also help producers, processors, and retailers market their brands. Currently, licensed marijuana retailers may sell branded merchandise through a separate business entity, or through a separate store, or on the Internet but not through the retail outlet itself. Some retailers are currently situated directly next to a related business, so the authorization in this bill is not a significant change. Suggestions on how to ensure no products are marketed to children are welcome. Another benefit of the bill is that it would provide an avenue for businesses to secure protection of their intellectual property. Currently, because of the federal prohibition on marijuana, it is generally not possible for marijuana businesses to receive federal trademark protection. A

marijuana business has a better chance of receiving trademark protection for a specific type of wearable apparel, however. The bill would also allow people visiting Washington to take home a memento.

(Opposed) None.

Persons Testifying: Representative Wylie, prime sponsor; Ezra Eickmeyer, E&A Strategic Consulting; Chris Masse, Miller Nash; Lew McMurrin, Cannabis Organization of Retail Establishments; and Logan Bowers, Hashtag.

Persons Signed In To Testify But Not Testifying: None.