
Commerce & Gaming Committee

HB 2368

Brief Description: Creating a two-year pilot program authorizing up to five qualified licensed marijuana retailers to deliver marijuana to Washington residents in a city with a population of over six hundred fifty thousand.

Sponsors: Representatives Hurst and Condotta.

Brief Summary of Bill

- Creates a temporary pilot program requiring the Liquor and Cannabis Board (LCB) to issue an endorsement to not more than five licensed marijuana retailers authorizing them to operate a commercial service offering residential sales and delivery of marijuana products to Washington State citizens over age 21.
- Requires the LCB to adopt administrative rules necessary to implement the program.
- Requires the LCB to submit a report and recommendations to the Legislature.

Hearing Date: 1/19/16

Staff: Thamas Osborn (786-7129).

Background:

Overview of Initiative 502.

Initiative 502 was a ballot measure approved by Washington State voters in November 2012 that: (1) legalized the production, processing, possession, and personal use of marijuana and marijuana-derived products; (2) created a framework for a regulatory scheme to be further developed by the Liquor and Cannabis Board (LCB) through its rule-making authority; and (3) implemented a taxation system for commercial marijuana enterprises.

Licensing of Marijuana Producers, Processors, and Retailers.

The LCB issues three categories of commercial marijuana licenses: (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,

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

Transportation and Delivery of Marijuana By Licensed Marijuana Businesses.

The commercial transportation and/or delivery of marijuana products between or among licensed producers, processors, and retailers may be done by either:

- an employee of a producer, processor, or retailer; or
- an employee of a transportation company licensed by the LCB for the transport of marijuana products among licensed marijuana businesses.

Licensed marijuana retailers are prohibited from delivering marijuana products to customers or otherwise conducting commercial transactions outside of their licensed premises.

Restricting Certain Methods of Selling Marijuana.

Marijuana retailers may not operate a vending machine or a drive-through facility for sale of marijuana products at retail.

Summary of Bill:

The bill creates a temporary pilot program requiring the LCB to issue an endorsement to not more than five licensed marijuana retailers authorizing them to operate a commercial service offering residential sales and delivery of marijuana products (i.e., useable marijuana, marijuana-infused products, and marijuana concentrates) to Washington citizens over age 21. The endorsement may be issued only to licensed retailers located in a city with a population of over 650,000 and that has implemented a municipal regulatory license for marijuana businesses. Under the endorsement, delivery orders may be taken by telephone or over the Internet, but the actual delivery may be made only to a private residence located within the jurisdictional boundaries of the pilot program city. The commercial activities undertaken pursuant to the endorsement are subject to all existing statutory and rule-based requirements applicable to licensed marijuana businesses.

Marijuana sales and delivery transactions undertaken as part of pilot program are subject to the following requirements and restrictions:

- deliveries must be by an employee of the retail seller who is over age 21;
- the person ordering marijuana products must be a Washington resident who is over 21 years of age;
- deliveries may be made only to a private residence within the pilot program city; and
- the purchaser receiving delivery must present identification in the form of a valid Washington driver's license or identification card.

The minimum penalty for the delivery of marijuana products to a person who is not a Washington resident or is under age 21 is \$2,500 and forfeiture of the marijuana delivery endorsement.

The LCB must subject each licensed marijuana retailer receiving the endorsement to at least four random tests per year of operation to ensure that no marijuana products are delivered to a person who is not a Washington resident or is under age 21.

To be eligible for the pilot program, a city must have adopted an ordinance or resolution containing requirements that are substantially similar to the administrative rules adopted by the LCB in order to implement the pilot program.

The LCB is granted broad rule-making authority in order to implement the requirements of the pilot program and, not later than September 16, 2016, must have completed the adoption of specified categories of rules, including those relating to:

- eligibility requirements for retailers;
- age and residency verification procedures;
- limits on marijuana product quantities that may be transported for delivery;
- compliance with traceability requirements under the Controlled Substances Act; and
- requirements regarding security procedures, delivery vehicles, and record keeping.

By November 16, 2018, and after consultation with cities participating in the pilot program, the LCB must submit a report to the appropriate committees of the legislature that, at minimum, contains the following:

- a comprehensive description of the program and its operations;
- a summary of the quantities of marijuana products delivered under the program;
- a description of regulatory or enforcement problems that were encountered; and
- recommendations regarding the future of residential delivery of marijuana products.

The act expires as of July 1, 2019.

Appropriation: None.

Fiscal Note: Available.

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