

HOUSE BILL REPORT

HB 2520

As Reported by House Committee On:
Commerce & Gaming

Title: An act relating to the sale of marijuana to regulated cooperatives.

Brief Description: Concerning the sale of marijuana to regulated cooperatives.

Sponsors: Representative Wylie; by request of Liquor and Cannabis Board.

Brief History:

Committee Activity:

Commerce & Gaming: 1/25/16, 2/1/16 [DP].

Brief Summary of Bill

- Authorizes licensed marijuana producers to produce marijuana plants for sale to medical marijuana cooperatives.
- Requires that all plants grown by a medical marijuana cooperative must either be purchased from a licensed marijuana producer or cloned from a plant purchased from a licensed producer.

HOUSE COMMITTEE ON COMMERCE & GAMING

Majority Report: Do pass. Signed by 9 members: Representatives Hurst, Chair; Wylie, Vice Chair; Condotta, Ranking Minority Member; Holy, Assistant Ranking Minority Member; Blake, Kirby, Scott, Van De Wege and Vick.

Staff: Thamas Osborn (786-7129).

Background:

Overview of Initiative 502.

Initiative 502 (I-502) was a ballot measure approved by Washington 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.

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.

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, 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.

Licensed marijuana producers may sell marijuana plants only to other licensed producers. State law does not allow producers to sell marijuana plants to marijuana retailers, the general public, qualifying medical marijuana patients, or medical marijuana cooperatives.

Medical Marijuana: Plant Cultivation and Medical Marijuana Cooperatives.

Statute authorizes the establishment of medical marijuana cooperatives consisting of up to four qualifying medical marijuana patients. A "qualifying patient" is a person who: (1) has been diagnosed as having a terminal or debilitating medical condition; (2) has been advised by a health care professional that he or she might benefit from the medical use of marijuana; and (3) has been entered into the medical marijuana authorization database and has the requisite recognition card. Members of a cooperative share responsibility for acquiring and supplying resources to produce and process marijuana for their medical use. All members of the cooperative must hold recognition cards and may only participate in one cooperative. Members who grow plants as part of a cooperative may not grow plants anywhere else.

The cultivation of marijuana plants and other activities engaged in by a cooperative are subject to specified limitations and regulations. A cooperative may only grow as many plants as the combined total that members are authorized to grow as individuals, up to a maximum of 60 plants. (An individual qualifying patient may grow up to 15 plants.) Nothing produced or processed by a cooperative may be sold or donated to any person who is not a member of the cooperative. The location of the cooperative must be registered with the LCB, and the cooperative members may only grow and process marijuana at that location. The location of the cooperative must be the domicile of one of the members and be at least 1 mile from a marijuana retailer. If a qualifying patient or designated provider withdraws from the cooperative, the former member must notify the LCB within 15 days and no new members may join that cooperative for 60 days. The LCB is authorized to conduct inspections of cooperatives and to adopt rules related to security at cooperatives and the traceability of marijuana grown by cooperatives. Cooperatives are exempt from the business and occupation tax.

Washington law does not provide any lawful means for members of a cooperative to acquire marijuana seeds, plants, or clones for cultivation.

Summary of Bill:

Licensed marijuana producers are authorized to produce marijuana plants for sale to medical marijuana cooperatives.

All plants grown by a medical marijuana cooperative must either be purchased from a licensed marijuana producer or cloned from a plant purchased from a licensed producer.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This is an important bill that is essential to ensure the proper functioning of the medical marijuana laws. Current law allows qualifying patients and medical marijuana cooperatives to cultivate marijuana plants. However, patients and cooperatives have no lawful means of acquiring plants, insofar as marijuana producers may not sell plants at retail. This bill would remedy this problem by allowing producers to sell plants to members of cooperatives. But patients who are not members of cooperatives would still be prohibited from buying plants from producers. This is an oversight that should be remedied.

(Opposed) None.

Persons Testifying: Representative Wylie, prime sponsor; and Ezra Eickmeyer, E&A Strategic Consulting.

Persons Signed In To Testify But Not Testifying: None.