

# FINAL BILL REPORT

## HB 2520

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Synopsis as Enacted

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

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

**House Committee on Commerce & Gaming**  
**Senate Committee on Commerce & Labor**

### **Background:**

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

The Liquor and Cannabis Board (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. Producers are not allowed 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.

Medical marijuana cooperatives may be established 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

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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 one 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 may 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.

There is no lawful means for members of a cooperative to acquire marijuana seeds, plants, or clones for cultivation.

**Summary:**

Licensed marijuana producers may 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.

**Votes on Final Passage:**

House	93	5
Senate	39	8

**Effective:** July 1, 2016