
Commerce & Gaming Committee

HB 2584

Brief Description: Concerning public disclosure of information submitted to the liquor and cannabis board regarding marijuana product traceability and operations.

Sponsors: Representatives Vick, Van De Wege, Blake, Harris and Tarleton.

Brief Summary of Bill

- Exempts from disclosure under the Public Records Act specified categories of information obtained by the Liquor and Cannabis Board from commercial marijuana licensees and license applicants.

Hearing Date: 1/25/16

Staff: Thamas Osborn (786-7129).

Background:

Public Records Act.

The Public Records Act (PRA) requires state and local agencies to make their written records available to the public for inspection and copying upon request, unless the information fits into one of the various specified exemptions in the PRA or as otherwise provided in state law. The stated policy of the PRA favors disclosure and requires narrow application of the listed exemptions. The statutory exemptions from the disclosures required under the PRA include: (1) commercial and proprietary information regarding formulas, designs, computer source code, and research data, if disclosure of such information would cause private gain and public loss; and (2) specified types of private financial, technical, and commercial information obtained by state agencies in the course of regulating the activities of private entities or persons.

Liquor and Cannabis Board: Regulation of Commerce in Marijuana Products.

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; (2) created a framework for a regulatory scheme to be further developed by the Liquor and Cannabis

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Board (LCB) through its rule-making authority; and (3) revised criminal laws to accommodate such legalization.

I-502 designated the LCB as the state regulatory entity responsible for the implementation of the initiative, including continuing oversight over the commercial practices and conduct of licensed marijuana producers, processors, and retailers. The regulatory powers of the LCB include very broad rule-making authority with respect to licensing and general oversight of the legal marijuana marketplace.

The LCB is authorized to issue 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.

Pursuant to statute and administrative rule, the LCB requires commercial marijuana licensees and license applicants to provide a wide range of information, including information regarding:

- business operations and practices;
- financial records;
- methods of producing, processing, and packaging marijuana products;
- the design and characteristics of commercial facilities;
- the security of commercial marijuana facilities and transportation methods; and
- practices regarding monitoring product inventories and the flow of marijuana products, from initial production to retail sale.

Summary of Bill:

Specified categories of information obtained by the LCB in regulating marijuana commerce are exempted from disclosure under the PRA. The information subject to the exemption includes:

- commercial, financial, and security-related information supplied to the LCB regarding a licensee or license applicant; and
- information related to marijuana product traceability, including information regarding marijuana product ownership, locations, contact information, movements of product, and account numbers or unique identifiers issued by government entities to private entities.

Appropriation: None.

Fiscal Note: Requested on January 20, 2016.

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