

HOUSE BILL REPORT

ESB 6207

As Reported by House Committee On: Commerce & Gaming

Title: An act relating to public disclosure of information submitted to the liquor and cannabis board regarding marijuana product traceability and operations.

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

Sponsors: Senators Rivers and Liias.

Brief History:

Committee Activity:

Commerce & Gaming: 2/23/16 [DP].

Brief Summary of Engrossed 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.

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:

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:

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

Initiative 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 the following:

- 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 information pertaining to financial institutions, retirement accounts, building security plans, marijuana transportation, vehicle and driver identification data, and account numbers or unique access identifiers issued to private entities for traceability system access.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill represents good public policy and should be passed. It prevents the disclosure of a narrow range of commercial marijuana information that should not be made public insofar as disclosure would present public safety and security issues regarding marijuana transportation and the traceability system. The bill represents a good balance between the public's right to know and legitimate safety and security concerns within the legal marijuana industry. The language of the bill is the product of many stakeholders holding a wide range of views regarding the information disclosure issues.

(Opposed) None.

Persons Testifying: Senator Rivers, prime sponsor; Ezra Eickmeyer, E&A Strategic Consulting; Sara Stewart, Washington CannaBusiness Association; and Bob Schroeter, Washington State Liquor and Cannabis Board.

Persons Signed In To Testify But Not Testifying: None.