

# SENATE BILL REPORT

## SB 5417

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As Reported by Senate Committee On:  
Commerce & Labor, February 18, 2015

**Title:** An act relating to local government marijuana policies.

**Brief Description:** Concerning local government marijuana policies.

**Sponsors:** Senators Rivers, Mullet, Dandel, Cleveland, Hatfield and Hill.

**Brief History:**

**Committee Activity:** Commerce & Labor: 2/02/15, 2/18/15 [DPS-WM, w/oRec].

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### SENATE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** That Substitute Senate Bill No. 5417 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Baumgartner, Chair; Braun, Vice Chair; Conway, King and Warnick.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Hasegawa, Ranking Minority Member; Keiser.

**Staff:** Richard Rodger (786-7461)

**Background:** Initiative Measure 502 (I-502) was a ballot measure that legalized the production, processing, retail sale, possession, and personal use of marijuana.

Under I-502 an excise tax of 25 percent of the sale price is paid by each of the three licensees at each step of the production, processing, and retail sale.

All revenue collected from the 25 percent marijuana excise is deposited in the dedicated marijuana fund. Part of the fund is earmarked in fixed amounts to the Department of Social and Health Services (DSHS), the University of Washington's (UW's) Alcohol and Drug Abuse Institute, and the Liquor Control Board for costs in administering I-502.

Any money remaining in the dedicated marijuana fund after those disbursements are made is earmarked as follows:

- 15 percent to DSHS for programs aimed at prevention of various disorders related to substance use;

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- 10 percent to the Department of Health for a marijuana education and public health program that incorporates referrals to drug treatment, grants to local community agencies, and media-based education campaigns targeted at youth and adults;
- 1 percent to UW and Washington State University for studies on the short and long-term effects of marijuana use;
- 50 percent to the State Basic Health Plan Trust account;
- 5 percent to the Health Care Authority to expand access to health and dental care services, migrant health services, and maternity care;
- 0.3 percent to the Office of Superintendent of Public Instruction for education purposes; and
- the remainder (18.7 percent) to the state general fund.

The State Basic Health Plan (BHP) provided subsidized health care coverage to low-income Washington residents. The BHP was eliminated on December 13, 2013, with expansion of the Medicaid program.

Licensed marijuana businesses may not be sited with 1000 feet of certain facilities or entities.

**Summary of Bill:** The bill as referred to committee not considered.

**Summary of Bill (Recommended Substitute):** The dedicated marijuana fund is renamed the dedicated marijuana account.

The 50 percent earmark that was dedicated to the BHP trust account is redistributed with 33 percent appropriated, with limitations, to counties, cities, and towns.

Fifty percent of the money dedicated to the counties, cities, and towns is allocated based on the proportional share of the total excise tax revenues generated in the jurisdiction from marijuana licensees physically located in each jurisdiction.

The remaining 50 percent is dedicated to criminal justice purposes to the counties, cities, and towns as follows: 70 percent is distributed on a per-capita basis to counties, and 30 percent per capita to cities. These jurisdictions are only eligible for the funds if they have not banned the siting or operation of state-licensed marijuana producers, processors, or retailers through affirmative legislative action, moratorium, or other legal action.

The remainder of the account, a total of 35.7 percent, is placed in the general fund.

In regard to the 1000-foot zoning limitation, a city or town may: (1) adopt an exemption to it, if necessary to create enough potential locations for marijuana retail businesses to be sited; (2) exempt certain land uses, except for elementary or secondary schools, from limitation; or (3) reduce the size of the limitation for one or more specific land uses.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 2015.

**Staff Summary of Public Testimony:** PRO: This bill will be of great assistance to local governments. The cities have already incurred expenses on the implementation of the Initiative for both planning commission work and toward law enforcement activities. The section of the bill that gives local governments greater authority to reduce or exempt certain facilities from the 1000-foot buffer allows us to fix our planning disaster. Under the existing buffers, 93 percent of our city is exempt from siting marijuana businesses, as we are a built-up city with day centers in many of our high-rise buildings.

OTHER: A percentage of the money in the marijuana fund should be dedicated to low-income medical marijuana patients, especially those on Social Security. Additional monies should also be dedicated to medical marijuana research.

**Persons Testifying:** PRO: Councilmember Shelly Kloba, city of Kirkland; Vicki Christophersen, WA CannaBusiness Assn.; Jeremy Larson, WA Marijuana Assn.; Chris Kealy, Emerald Green Alliance; Candice Bock, Assn. of WA Cities; Andy Ryder, Mayor, city of Lacey; Rob Berg, Chief of Police, city of Centralia; Eric Johnson, Executive Director, WA State Assn. of Counties.

OTHER: Erin Palmer, citizen.