

SENATE BILL REPORT

SSB 6341

As Passed Senate, February 11, 2016

Title: An act relating to the provision of personal services and promotional items by cannabis producers and processors.

Brief Description: Concerning the provision of personal services and promotional items by cannabis producers and processors.

Sponsors: Senate Committee on Commerce & Labor (originally sponsored by Senators Rivers and Conway).

Brief History:

Committee Activity: Commerce & Labor: 1/22/16, 1/27/16, 2/03/16 [DPS].
Passed Senate: 2/11/16, 36-13.

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: That Substitute Senate Bill No. 6341 be substituted therefor, and the substitute bill do pass.

Signed by Senators Baumgartner, Chair; Braun, Vice Chair; Hasegawa, Ranking Minority Member; Conway, Keiser, King and Warnick.

Staff: Richard Rodger (786-7461)

Background: Cannabis producers, processors, and retailers do not have the same statutory authorities as granted liquor industry members. Liquor industry members are authorized to provide retailers with branded promotional items of minimal value, provide personal services to a retailer, post information on the Internet of where to purchase their products, and produce materials promoting tourism.

Summary of Substitute Bill: A cannabis producer or processor may provide cannabis retailers with branded promotional items which are of nominal value. "Nominal value" is defined to mean an item with a value of \$30 or less. The items must be used by the retailer in a manner consistent with its license and may only contain imprinted advertising matter of the producer or processor. Producers and processors may not provide the item directly to retail customers and the items must not be targeted to or appeal principally to youth.

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.

A producer or processor is not obligated to provide promotional items, and a retailer may not require the items to be provided as a condition for selling cannabis.

Any person may file a complaint with the Liquor and Cannabis Board (LCB) if they believe the promotional items result in undue influence or create an adverse impact on public health and safety. If the LCB agrees with complainant it may issue an administrative violation notice to the producer, processor, or retailer.

Producers or processors may list on their Internet web sites information related to retailers who sell or promote their products. Retailers may list reciprocal information on their Internet websites.

Producers, processors, and retailers may, individually or jointly, prepare materials promoting tourism in Washington State which contain information regarding retail licensees, producers, processors, and their products.

A cannabis producer or processor may provide personal services to a retailer when conducted at a licensed premises, and are intended to inform, educate, or enhance customers' knowledge or experience of the manufacturer's products.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: PRO: This bill will be of great benefit to small producers and processors. Our biggest barrier is that we have limited ability to market our products. We can't provide pictures to display how our products are grown and processes, can't participate in "meet the farmer" events, and are unable to get feedback from our consumers. The educational piece is an important provision, as both retail bud tenders and consumers want more information about the available products. The provision of promotional items and personal services will empower consumers through awareness and educational materials. The bill should define what "nominal" means in the context of providing promotional items.

CON: Our objections are more in the the nature of concerns rather than opposition. We believe there should be stronger language regarding advertisements aimed at youth. The current language is from the liquor statutes and prohibits ads targeted to or appeal "principally" to youth. This is too vague and there should be a bright-line on the prohibitions against targeting youth. We'd be willing to work with the stakeholders to tighten the language.

OTHER: We understand there should be parity between the liquor and marijuana statutes in this area. The focus on education is valuable in this area, however, we are concerned the the

provision of personal services may creep into the "monies worth" prohibitions as current regulated in the liquor statutes.

Persons Testifying on Original Bill: PRO: Lew McMurrin, Cannabis Org. of Retail Establishments - CORE; K.C. Franks, Owner, Stash; Chris Kealy, WA. Emerald Green Alliance; Vicki Christophersen, Washington CannaBusiness Association; Susan Gress, Vashon Velvet; Tim Moxley, Botanica Seattle; John Branch, Ponder.

CON: Seth Dawson, Wash. Assoc. for Substance Abuse Prevention.

OTHER: Justin Nordhorn, WSLCB.

Persons Signed In To Testify But Not Testifying on Original Bill: No one.