
Commerce & Gaming Committee

HB 1151

Brief Description: Clarifying residency requirements for licensed marijuana businesses.

Sponsors: Representatives Wylie, Vick and Blake.

Brief Summary of Bill

- Clarifies current law by explicitly establishing that in order for a business entity or nonprofit entity to qualify for a marijuana-related business license, at least 50 percent of the ownership interest in the entity must be held by residents of the state of Washington.
- Exempts a person employed as a manager or agent of a marijuana-related business from any state residency requirements.

Hearing Date: 1/23/17

Staff: Thamas Osborn (786-7129).

Background:

State Licensing of Marijuana Producers, Processors, and Retailers.

The Liquor & Cannabis Board (LCB) issues three categories of marijuana-related business 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.

The LCB is required to conduct a comprehensive, fair, and impartial evaluation of all applications for the various state-issued marijuana business licenses. However, pursuant to statute, the LCB is granted very broad, discretionary authority to grant or deny a license application. The process of evaluating license applications includes the following:

- the experience and qualifications of the applicant;

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- an extensive criminal background check;
- verification that the applicant has the requisite municipal business licenses; and
- an inspection of the premises to be licensed, including an inquiry into the construction and operation of the premises.

Pursuant to statute, the LCB cannot issue a marijuana business license to:

- a person under 21 years of age;
- a person doing business as a sole proprietor who has not lawfully resided in the state for at least six months prior to applying to receive a license;
- a partnership, employee cooperative, association, nonprofit corporation, or corporation unless formed under the laws of this state, and unless all members thereof are otherwise qualified to obtain a license; or
- a person whose place of business is conducted by a manager or agent, unless the manager or agent possesses the same qualifications required of the licensee.

Summary of Bill:

The act clarifies current law by explicitly establishing that in order for a business entity or nonprofit entity to qualify for a marijuana-related business license at least fifty percent of the ownership interest in the entity must be held by residents of the state of Washington.

A person employed as a manager or agent of a marijuana-related business is exempt from any state residency requirements.

Appropriation: None.

Fiscal Note: Available.

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