

HOUSE BILL REPORT

HB 1487

As Reported by House Committee On:
Commerce & Gaming

Title: An act relating to authorizing marijuana retailers to sell marijuana merchandise.

Brief Description: Authorizing marijuana retailers to sell marijuana merchandise.

Sponsors: Representatives Condotta and Sawyer.

Brief History:

Committee Activity:

Commerce & Gaming: 1/30/17, 2/2/17 [DP].

Brief Summary of Bill

- Authorizes licensed marijuana retailers to sell wearable apparel that is connected to the retail outlet or a marijuana product line sold by the retail outlet.
- Requires the Liquor and Cannabis Board to establish marketing standards to ensure that marijuana merchandise and other products sold by licensed marijuana retailers are not intended to appeal to minors or otherwise encourage marijuana use by minors.

HOUSE COMMITTEE ON COMMERCE & GAMING

Majority Report: Do pass. Signed by 11 members: Representatives Sawyer, Chair; Kloba, Vice Chair; Condotta, Ranking Minority Member; Vick, Assistant Ranking Minority Member; Barkis, Blake, Farrell, Jenkin, Kirby, Ryu and Young.

Staff: Peter Clodfelter (786-7127).

Background:

Licensed marijuana retailers, regulated by the Liquor and Cannabis Board (LCB), are limited in what products or services they may sell. Marijuana retailers are authorized to sell only useable marijuana, marijuana-infused products, marijuana concentrates, (collectively "marijuana products") and paraphernalia intended for the storage of marijuana products, to

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adults age 21 and over. Marijuana retailers with a medical marijuana endorsement may also sell marijuana products to qualifying patients age 18 and over who hold a recognition card and are entered into the Medical Marijuana Authorization Database.

Summary of Bill:

Licensed marijuana retailers are authorized to sell marijuana merchandise at retail. The term "marijuana merchandise" is defined as wearable apparel that serves to promote or advertise the retail outlet or a product line sold by the retail outlet and that has labeling affixed to the wearable apparel that includes the retail outlet's name, logo, or other symbol associated with the retail outlet, or a name, logo, or other symbol associated with a product line sold by the retail outlet.

The LCB must establish retail product design and marketing standards to ensure that marijuana merchandise and other products sold by licensed marijuana retailers are not intended to appeal to minors or otherwise encourage marijuana use by minors.

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) The bill will allow marijuana businesses to differentiate their products and establish brand recognition, aligning the marijuana industry with other industries. It will also help keep existing marijuana retailers solvent and provide them with another source of revenue, and could allow them to deduct certain labor costs. Initiative 502 greatly limited what products marijuana retail outlets can sell, and hats and t-shirts were not included. The bill contains restrictions on not making any wearable apparel appealing to youth. Currently, marijuana merchandise is available from other unregulated sources and it does not meet those standards, so this bill will help divert those types of sales to the regulated retail outlets. Existing customers would appreciate the ability to purchase branded wearable apparel from marijuana retail outlets, and the wearable apparel would be marketed to existing customers, not new customers. If retail outlets are trusted to sell marijuana products, they should be trusted to sell hats and other merchandise.

(Opposed) None.

(Other) The Liquor and Cannabis Board (LCB) receives more advertising related complaints than other types of complaints, and the bill could potentially increase the number of complaints that the LCB receives. But the LCB agrees that retail outlets should be able to

sell wearable apparel meeting the standards in the bill. Stakeholders who generally oppose advertising marijuana and other substances appreciate the standards in the bill related to not marketing to or appealing to youth. But please consider the cumulative impact that all of the changes to marijuana laws have on the LCB's ability to be an effective regulator. The state needs to sufficiently fund the LCB to make marijuana legalization work.

Persons Testifying: (In support) Representative Condotta, prime sponsor; Ezra Eickmeyer; Bailey Hirschburg, Washington National Organization for the Reform of Marijuana Laws Political Action Committee; and Philip Dawdy, Have A Heart.

(Other) Kyle Woodring, Cannabis Organization of Retail Establishments; Seth Dawson, Washington Association for Substance Abuse Prevention; and James Paribello, Liquor and Cannabis Board.

Persons Signed In To Testify But Not Testifying: None.