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**Finance Committee**

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**HB 2124**

**Brief Description:** Prohibiting the use of public resources to assist the federal government in any activity that might impede or interfere with revenue to the operating budget pursuant to Washington state's regulation of marijuana and marijuana-related products as prescribed by the laws of the state of Washington.

**Sponsors:** Representatives Sawyer, Condotta, Taylor, Vick, Shea, Fitzgibbon and Goodman.

**Brief Summary of Bill**

- Prohibits public employees from expending state resources to assist the federal government in any activity that results in the loss of revenue through interference with the state marijuana market.
- Provides that a public employee who knowingly violates this prohibition may be subject to disciplinary proceedings.

**Hearing Date:** 1/16/18

**Staff:** Rachelle Harris (786-7137).

**Background:**

Marijuana Regulation.

In 2012, Washington voters approved Initiative 502, which established a regulatory system for the production, processing, and distribution of limited amounts of marijuana for recreational use. Under this system, the Liquor Control Board (LCB) issues licenses to marijuana producers, processors, and retailers, and adopts standards for the regulation of these operations. Persons over 21 years of age may purchase and possess up to 1 ounce of useable marijuana, 16 ounces of solid marijuana-infused product, 72 ounces of liquid marijuana-infused product, and 7 grams of marijuana concentrates.

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*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.*

### Marijuana Taxes.

Marijuana sales are subject to an excise tax of 37 percent at the retail level. All revenues from the marijuana excise tax are deposited in the Dedicated Marijuana Account. Marijuana excise tax revenues are distributed to a variety of state agencies and programs, including the LCB, the Department of Health (DOH), the University of Washington (UW), Washington State University (WSU), and the Health Care Authority (HCA). Marijuana excise tax revenues also support the state General Fund.

The marijuana excise tax is assessed in addition to the state's business and occupation tax and state and local retail sales tax. Sales to qualifying medical patients from a retailer with a medical endorsement are exempt from sales tax.

### Federal Response to State Marijuana Legalization.

In August of 2013, then U.S Deputy Attorney General James Cole issued a memorandum (Cole Memo) in response to the legalization of marijuana in Washington and Colorado. The Cole Memo was widely interpreted to implicitly allow the states to proceed with legalization efforts, provided that strong and effective regulatory and enforcement systems were established. In an effort to establish criteria to evaluate the adequacy of state regulatory systems, the Cole Memo identified enforcement priorities as guidance for federal prosecutors. The Cole Memo also strongly affirmed the continuing authority of the federal government to challenge state regulatory systems and to take enforcement actions where state enforcement efforts are inadequate.

In January of 2018, U.S. Attorney General Jeff Sessions rescinded the Cole Memo and other federal guidance related to marijuana enforcement via the issuance of a new memorandum. The new memorandum directs prosecutors to follow principles governing all federal prosecutions as established in the U.S. Attorneys' Manual, and explicitly abandons previous guidance provided by the Cole Memo and others.

### **Summary of Bill:**

Public employees are prohibited from expending state resources to aid or assist the federal government in any activity that results in the loss of revenue through interference with the state marijuana market. A public employee who knowingly violates this prohibition may be subject to disciplinary proceedings in accordance with the laws and regulations governing the individual's employer.

**Appropriation:** None.

**Fiscal Note:** Requested on January 10, 2018.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.