

HOUSE BILL REPORT

HB 2473

As Reported by House Committee On:
Commerce & Gaming

Title: An act relating to private label marijuana.

Brief Description: Concerning private label marijuana.

Sponsors: Representatives Vick, Blake and Condotta.

Brief History:

Committee Activity:

Commerce & Gaming: 1/22/18, 1/29/18 [DP].

Brief Summary of Bill

- Authorizes business arrangements among marijuana producers, processors, and retailers which enable a retailer to obtain and sell marijuana products having a private label bearing the business or trade name of the retailer.
- Authorizes the production and sale of private label marijuana products that bear the business or trade name of an entity other than the producer, processor, or retailer.

HOUSE COMMITTEE ON COMMERCE & GAMING

Majority Report: Do pass. Signed by 7 members: Representatives Sawyer, Chair; Kloba, Vice Chair; Condotta, Ranking Minority Member; Vick, Assistant Ranking Minority Member; Blake, Kirby and Young.

Minority Report: Do not pass. Signed by 2 members: Representatives Jenkin and Ryu.

Staff: Thamas Osborn (786-7129).

Background:

Authority of Marijuana Businesses to Enter into Consulting Contracts or Licensing Agreements.

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.

Licensed marijuana businesses are authorized to enter into licensing agreements or consulting contracts with any person or entity for goods or services involving registered trademarks, unregistered trademarks, trade names, or trade dress. This authority also extends to trade secrets, technology, or proprietary information related to the manufacturing of a marijuana product or used to provide a service related to a marijuana business. All such agreements or contracts entered into by a licensed marijuana business must be disclosed to the Liquor and Cannabis Board.

Financial Interests in Marijuana Retailers by Producers and Processors.

Licensed marijuana producers and processors are prohibited from having a financial interest, whether direct or indirect, in a licensed marijuana retailer.

Summary of Bill:

A licensed marijuana retailer is authorized to enter into a business arrangement with a licensed producer or processor for the following purposes: (1) to obtain and sell marijuana products under a private label bearing the business or trade name of the retailer; and (2) to obtain and sell marijuana products under a private label bearing a business or trade name other than that of the retailer or the licensee that produced or processed the product. Such private label production and sales arrangements among marijuana licensees are subject to the following conditions:

- the marijuana retailer offering or selling the private label marijuana product may not have an exclusive right to sell the product; and
- the producer or processor making the private label product must make it reasonably available to any marijuana retailer.

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) This bill would allow a marijuana retailer to contract with a licensed producer or processor for marijuana products labeled with a trade name other than that of the producer or processor. This would allow marijuana products to be labeled with the name of the retailer or any other name chosen by the retailer. However, a producer or processor would have to make any product having a private label available for sale to any other licensed retailer. This bill is modeled after liquor laws allowing such private labeling. This bill will particularly benefit small producers and processors insofar as it will give them a new marketing opportunity for their products. Retailers will also benefit because it will provide them with a means of differentiating their products from those sold by other retailers.

(Opposed) None.

Persons Testifying: Representative Vick, prime sponsor; Vicki Christopherson, Washington CannaBusiness Association; and Philip Dawdy, Have a Heart.

Persons Signed In To Testify But Not Testifying: None.