

SENATE BILL REPORT

ESHB 2472

As Reported by Senate Committee On:
Labor & Commerce, February 19, 2018

Title: An act relating to ensuring reasonable terms of payment are available to marijuana retailers when contracting with marijuana processors for the purchase of marijuana products.

Brief Description: Ensuring reasonable terms of payment are available to marijuana retailers, marijuana producers, and marijuana processors when contracting with other marijuana retailers, marijuana producers, and marijuana processors for the purchase of marijuana products.

Sponsors: House Committee on Commerce & Gaming (originally sponsored by Representatives Vick, Blake, Sawyer, Condotta, Kloba and Young).

Brief History: Passed House: 2/07/18, 84-14.

Committee Activity: Labor & Commerce: 2/19/18, 2/19/18 [DP].

Brief Summary of Bill

- Allows licensed marijuana producers, processors, and retailers to accept payments from another marijuana business after the date of the delivery.
- Requires that all payments must be made within five days of the delivery.

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass.

Signed by Senators Keiser, Chair; Hasegawa, Vice Chair; Conway, King, Kuderer, Saldaña and Wilson.

Staff: Richard Rodger (786-7461)

Background: The Liquor and Cannabis Board (LCB) issues the following three commercial marijuana licenses: marijuana producer license, marijuana processor license, and marijuana retailer license.

The LCB regulates what methods of payment may be made by a licensed marijuana producer, processor, or retailer when purchasing marijuana products. Pursuant to the LCB's

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rules, a marijuana licensee must pay for any marijuana products it purchases prior to or at the time of delivery. The LCB allows the payments to be made, subject to certain requirements, by: checks, credit or debit cards, electronic funds transfer, prepaid accounts, and transactions using a money transmitter.

The term "marijuana products" includes useable marijuana, marijuana concentrates, and marijuana-infused edible products in solid and liquid form.

Summary of Bill: A contract between licensed marijuana producers, processors, and retailers for the purchase and sale of marijuana products may allow for the full or final payment after the date the marijuana products are delivered or received. However, the contract must require the full or final payment not more than five calendar days after the date of delivery or receipt. The new contract provisions apply to contracts entered or renewed on or after the effective date of the act.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: This bill is a follow-up bill from last year's omnibus marijuana legislation. Last year the Legislature authorized marijuana businesses to accept credit cards; however, the major credit card companies—Visa and MasterCard—will not issue credit cards to marijuana businesses. Since credit cards are not an option, marijuana businesses operate on a cash basis. It is not unusual for a business to pay a bill of \$100,000 to \$200,000 in cash. The bill will allow these businesses to make their payments up to five days after delivery. The LCB was concerned with the original legislation that allowed up to 15 days to pay the bill. That provision, which has been modified to five days, concerned the agency about the possibility that businesses would start operating on a consignment basis. We are comfortable with the five-day limit.

Persons Testifying: PRO: Representative Brandon Vick, Prime Sponsor; Vicki Christophersen, Washington CannaBusiness Association, Chris Thompson, LCB.

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