

# SENATE BILL REPORT

## SB 5102

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As of January 23, 2017

**Title:** An act relating to residency requirements for licensed marijuana businesses.

**Brief Description:** Clarifying residency requirements for licensed marijuana businesses.

**Sponsors:** Senators Rivers and Palumbo.

**Brief History:**

**Committee Activity:** Commerce, Labor & Sports: 1/16/17.

**Brief Summary of Bill**

- Meeting a residency requirement is no longer needed for managers or agents of a marijuana licensee's place of business.
- Applying for a marijuana license only requires a six month residency requirement for 50 percent of an entity's ownership interests.

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### SENATE COMMITTEE ON COMMERCE, LABOR & SPORTS

**Staff:** Richard Rodger (786-7461)

**Background:** All applicants applying for a marijuana license must, among other requirements, have resided in the state of Washington for at least six months prior to an application for a marijuana license.

All partnerships, employee cooperatives, associations, nonprofit corporations, or corporations applying for a marijuana license must be formed in Washington and all their members are also required to meet the six month residency requirement.

Managers or agents who manage a marijuana licensee's place of business must also meet the six month residency requirement.

**Summary of Bill:** When applying for a marijuana license, only 50 percent of the ownership interests are required to meet the six month residency requirement. This includes the owners of partnerships, employee cooperatives, associations, nonprofit corporations, and corporations.

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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.*

Managers or agents who manage a marijuana licensee's place of business do not have to meet the six month residency requirement.

**Appropriation:** None.

**Fiscal Note:** Available.

**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 important to our local businesses and will help them grow their business. I will be asking the Committee to consider revising this bill to mirror the provisions of HB 1127. We are in need of additional investments and there are many out-of-state investors who are willing to help us. This is especially true for the smaller operations and will help increase our value. We just can't go to a bank to obtain the financing that other businesses have access to. All of the investors will still have to undergo background checks.

CON: Initiative 502 promises are being broken by this bill. The initiative was designed to keep the state's marijuana business within the state. The bill will increase the problems with tracking these businesses in Washington and reduces transparency. The timing for this bill is not quite right. The need for out-of-state capital is unclear, as it is readily available in Washington.

OTHER: The LCB's concerns with the bill are met with the prime sponsor's stated willingness to make the in-state ownership at least 51%, require the out-of-state owners to be U.S. citizens, and giving the LCB discretionary authority to deny an application if insufficient information is provided on the out-of-state interests.

**Persons Testifying:** PRO: Senator Ann Rivers, Prime Sponsor; Susie Gress, Vashon Velvet; Peter Saladino, BMF Washington; Jerry Derevyanny, NWCS; Ezra Eickmeyer.

CON: John Kingsbury, Patients United; Logan Bowers, Cannabis Organization of Retail Establishment.

OTHER: Justin Nordhorn, WA State LCB.

**Persons Signed In To Testify But Not Testifying:** CON: Kyle Woodring, Cannabis Organization of Retail Establishments.