

SENATE BILL REPORT

E2SHB 2870

As Reported by Senate Committee On:
Labor & Commerce, February 25, 2020

Title: An act relating to allowing additional marijuana retail licenses for social equity purposes.

Brief Description: Allowing the issuance and reissuance of marijuana retail licenses under the social equity program.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Pettigrew and Ryu; by request of Liquor and Cannabis Board).

Brief History: Passed House: 2/16/20, 55-41.

Committee Activity: Labor & Commerce: 2/25/20, 2/25/20 [DPA, w/oRec].

Brief Summary of Amended Bill

- Creates a study group on marijuana social equity with members appointed by the Governor.

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass as amended.

Signed by Senators Keiser, Chair; Conway, Vice Chair; King, Ranking Member; Saldaña, Stanford, Walsh and Wellman.

Minority Report: That it be referred without recommendation.

Signed by Senators Braun and Schoesler.

Staff: Richard Rodger (786-7461)

Background: Marijuana Retail Licenses. The Washington State Liquor and Cannabis Board (LCB) is authorized to issue licenses to marijuana retailers to sell marijuana products and paraphernalia at retail to persons at least 21 years of age.

LCB must consult with the Office of Financial Management (OFM) to determine the maximum number of marijuana retail outlets that may be licensed in each county. When setting the maximum number of licenses, LCB and OFM must consider:

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.

- population distribution;
- security and safety issues;
- the provision of adequate access to licensed sources of marijuana and marijuana products to discourage purchases from the illegal market;
- the number of retail outlets holding medical marijuana endorsements necessary to meet the medical needs of qualifying patients; and
- information contained in the medical marijuana authorization database.

Department of Commerce. The Department of Commerce (Commerce) is responsible for growing and improving jobs, as well as facilitating innovation in the state. Commerce provides business assistance and economic development services primarily through sector-based and cluster-based regional organizations to:

- generate greater local capacity to respond to economic growth and environmental challenges;
- promote partnerships and the use of intermediaries to achieve Commerce's goals; and
- leverage state resources.

Commerce is responsible for promoting community and economic development statewide by assisting communities to increase economic vitality and the quality of citizens' lives, and assisting the state's businesses to maintain and increase economic competitiveness while maintaining a healthy environment. Commerce's community and economic development efforts include, but are not limited to: increasing economic opportunity, engaging in business and trade development, and fostering the development of minority- and women-owned businesses.

Washington State Commission on African American Affairs. The Washington State Commission on African American Affairs (Commission) consists of membership appointed by the Governor. The Commission's powers and duties include examining and defining issues pertaining to the rights and special needs of the African American community, making recommendations to the Governor and state agencies on programs and laws, and advising the Governor or agencies on the development of policies and programs relating to the needs of the African American community. The Commission must also advise the Legislature on issues of concern to the African American community in concert with the Governor.

Dedicated Marijuana Account. The Dedicated Marijuana Account is an appropriated account. All money received by LCB from marijuana-related activities must be deposited in this account. This money includes marijuana excise taxes collected from sales of marijuana and marijuana products, license fees, penalties, and forfeitures from marijuana producers, processors, researchers, and retailers. Money from the account are distributed to agencies, local governments, and to the Basic Health Plan Trust Account. At the end of each fiscal year, unappropriated amounts in the Dedicated Marijuana Account are transferred to the State General Fund.

Summary of Amended Bill: A study group on social equity in marijuana is established to make recommendations to the Legislature, Governor, and LCB regarding a social equity program for retail marijuana licensing. The group will advise the Governor and the Legislature on policies that will facilitate the development of a marijuana social equity program.

The governor appoints the members of the study group, which include:

- a member of the Commission on African American Affairs;
- a member of the Commission on Hispanic Affairs;
- a member from an organization representing the African American community;
- a member from an organization representing the Latinx community;
- a member from the LCB;
- a member from the Department of Commerce;
- a member from the Office of the Attorney General;
- a member of the Association of Washington Cities; and
- three members that currently hold a marijuana retail license

The Governor may also invite additional individuals representing other sectors to the study group to participate in an advisory capacity.

The study group shall hold its first meeting by July 1, 2020, and must submit a report on recommended policies that will facilitate the development of a marijuana social equity program to the Governor and the appropriate committees of the Legislature by December 1, 2020. The recommendations must include whether any additional marijuana licenses should be issued beyond the total number of marijuana licenses that have been issued as of the effective date of this section.

EFFECT OF LABOR & COMMERCE COMMITTEE AMENDMENT(S): Removes all provisions creating a Marijuana Social Equity Program, a Technical Assistance Competitive Grant Program, and Legislative Marijuana Social Equity Task Force.

Creates a study group on marijuana social equity with members appointed by the Governor. The group must submit a report to the Governor and the appropriate committees of the Legislature by December 1, 2020. The recommendations must include whether any additional marijuana licenses should be issued.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: Yes.

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

Staff Summary of Public Testimony on Engrossed Second Substitute House Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This bill is becoming quite confusing, as people are for the provisions and then against them. We need to work further to refine this proposal and right the wrongs that have happened. The task force should be run by an independent entity to help build trust. The LCB supports this bill and understands the frustration with the minority community that was left out of the licensing for retail outlets. The bill is the result of collaboration and work by many stakeholders and agencies. The legislative task force can help structure the program and assist with making future changes.

CON: We are fighting for inclusiveness and have been neutral on these proposals in the past. We are opposed to the bill as it is insufficient. We have been pushed away and should have had the first licenses that were issued. I do not want this bill, but will join a lawsuit instead. We have lost trust with the LCB as this bill only proposes 12 additional licenses. Patients have seen zero social equity. The toxic culture of the LCB needs to be fixed and you should take the guns out of their untrained hands.

OTHER: A lot of language needs to be fixed in the bill and we want to work to fix it before it moves forward. The bill should allow licenses to be moved to willing communities and should not preempt local governments from allowing additional businesses.

Persons Testifying: PRO: Representative Eric Pettigrew, Prime Sponsor; Sami Saad, citizen; Ollie Garrett, Liquor and Cannabis Board.

CON: Aaron Barfield, Black Excellence In Cannabis; Peter Manning, Bella Sole; Jeff Oba, Bella Sole; Tyler Conway, Black Excellence In Cannabis; Maurice Gordon, Black Excellence In Cannabis; John Novak, Viper Pac. 420leaks.com.

OTHER: Joy Hollingsworth, Hollingsworth Cannabis; Commissioner Paula Sardinas, Commission on African American Affairs.

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