

# HOUSE BILL REPORT

## HB 1822

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**As Reported by House Committee On:**  
Regulated Substances & Gaming

**Title:** An act relating to complimentary products provided by short-term rental operators to guests.

**Brief Description:** Concerning complimentary products provided by short-term rental operators to guests.

**Sponsors:** Representatives Morgan and Chapman.

**Brief History:**

**Committee Activity:**

Regulated Substances & Gaming: 2/14/23, 2/16/23 [DPS].

**Brief Summary of Substitute Bill**

- Establishes an annual permit at a cost of \$75 to be issued by the Washington State Liquor and Cannabis Board to a short-term rental operator to provide a complimentary, prerolled useable cannabis product to rental guests who are age 21 or over.
- Directs moneys received from the permit fees to the Domestic Violence Prevention Account.

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### HOUSE COMMITTEE ON REGULATED SUBSTANCES & GAMING

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Kloba, Co-Chair; Wylie, Co-Chair; Stearns, Vice Chair; Morgan, Orwall, Reeves, Walsh and Waters.

**Minority Report:** Without recommendation. Signed by 3 members: Representatives Chambers, Ranking Minority Member; Robertson, Assistant Ranking Minority Member; Cheney.

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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 part of the legislation nor does it constitute a statement of legislative intent.*

**Staff:** Peter Clodfelter (786-7127).

**Background:**

The Washington State Liquor and Cannabis Board (LCB) licenses and regulates cannabis businesses and issues licenses, including licenses for producers, processors, retailers, researchers, and transporters. Licensed cannabis retailers may legally sell to a person who is 21 years of age or older, and a person who is 21 years of age or older may legally possess any combination of the following amounts of cannabis products:

- 1 ounce of useable cannabis;
- 16 ounces of cannabis-infused product in solid form;
- 72 ounces of cannabis-infused product in liquid form; and
- 7 grams of cannabis concentrate.

A person 21 years of age or older may transfer to another person or persons 21 years of age or older, within a single 24 hour period, for noncommercial purposes and not conditioned upon or done in connection with the provision or receipt of financial consideration, an amount of cannabis products equal to half of the possession limits for persons age 21 or over. The transfer must be in a location outside of the view of the general public and in a nonpublic place, or the cannabis or cannabis product must be in the original packaging as purchased from the retailer.

A 2019 Washington law regulating short-term rentals defines a "short-term rental" as a lodging use that is not a hotel, motel, or bed and breakfast, in which a dwelling unit, or portion thereof, that is offered or provided to a guest by a short-term rental operator for a fee for fewer than 30 consecutive nights. A short-term rental does not include any of the following:

- a dwelling unit that is occupied by the owner for at least six months during the calendar year and in which fewer than three rooms are rented at any time;
- a dwelling unit, or portion thereof, that is used by the same person for 30 or more consecutive nights; or
- a dwelling unit, or portion thereof, that is operated by an organization or government entity that is registered as a charitable organization with the Washington Secretary of State or is classified by the federal Internal Revenue Service as a public charity or a private foundation, and provides temporary housing to individuals who are being treated for trauma, injury, or disease, or their family members.

Additionally, "operator" is defined under the 2019 law as any person who receives payment for owning or operating a dwelling unit, or portion thereof, as a short-term rental unit. The term "guest" is defined as any person or persons renting a short-term rental unit.

All moneys received by the LCB from cannabis-related activities are deposited in the Dedicated Cannabis Account, which is an appropriated account with a revenue distribution framework.

The Domestic Violence Prevention Account is an appropriated account in which a portion of certain court filing fees are deposited. Expenditures from the account may be used only for funding: (1) culturally specific prevention efforts and culturally appropriate community-based domestic violence services for victims of domestic violence from populations that have been traditionally underserved or unserved; (2) age appropriate prevention and intervention services for children who have been exposed to domestic violence or youth who have been victims of dating violence; and (3) outreach and education efforts by community-based domestic violence programs designed to increase public awareness about, and primary and secondary prevention of, domestic and dating violence.

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**Summary of Substitute Bill:**

An annual permit is established, to be issued by the Washington State Liquor and Cannabis Board (LCB), to allow short-term rental operators to provide a complimentary, prerolled useable cannabis product, not to exceed 1 gram of useable cannabis for each prerolled useable cannabis product, to each rental guest who is age 21 or over. The annual permit fee is \$75. A single permit applies to all rental properties owned or operated by a short-term rental operator and identified in the permit application.

Upon application in the prescribed form being made to an employee authorized by the LCB to issue permits, accompanied by payment of the fee, and upon the employee being satisfied that the applicant should be granted a permit, the employee must issue a permit to the applicant under LCB rules. For purposes of this new permit, the terms "short-term rental," "operator," and "guest" have the same meanings as in the 2019 law regulating short-term rentals.

Moneys collected from fees from the new permit must be deposited into the Domestic Violence Prevention Account.

**Substitute Bill Compared to Original Bill:**

Moneys received from fees for the new \$75 annual permit for short-term rental operators must be deposited into the Domestic Violence Prevention Account.

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**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on February 16, 2023.

**Effective Date of Substitute Bill:** 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 is inspired by House Bill 1731 that proposes a permit for short-term rental operators to provide a complimentary bottle of wine to guests who are age 21 or over. This bill brings parity by adding the ability for short-term rental operators to similarly obtain a permit to provide a complimentary, prerolled useable cannabis product to guests who are age 21 or over. The bill will assist small business owners who may unintentionally violate the law without knowing the activity of providing the complimentary product is illegal. The bill will also boost tourism and generate revenue for established programs. Ten years into cannabis legalization, aside from retail stores, Washington is not a hospitable place to cannabis consumers. Washington is not a leader in social use or responsible consumption policies. Looking at states that legalized cannabis after Washington, they found a way to allow cannabis consumption in nonresidential private places and even in some public spaces. Washington is losing huge amounts of tourism and economic engagement by not having responsible social use or consumption policies. This legislation is almost groundbreaking in allowing for any social use or consumption options outside of a person's private residence. Allowing short-term rental operators to provide a complimentary cannabis product to rental guests age 21 or over is a common sense policy. This moves cannabis consumption to a private place off of the street. There are several changes to make the bill even better. First, some guests may not want to smoke and would prefer a single-serving (10 milligrams or less of tetrahydrocannabinol) of an infused edible cannabis product. This could allow rental operators to maintain a nonsmoking policy while still offering this service. Second, rental operators providing this service should have to disclose to their guests how limited consumption is in Washington. We do not want people to think they can take a joint into a park, onto the street, or anywhere that is not a private residence, and legally consume the product. A final suggestion is to exclude any family day care or foster family home from eligibility if they are used as a short-term rental, which would align with a policy proposed in House Bill 1614 relating to the home cultivation of cannabis that would prohibit home grows in housing units used by a family day care provider or a foster family home.

(Opposed) None.

**Persons Testifying:** Representative Melanie Morgan, prime sponsor; and Bailey Hirschburg, Washington National Organization for the Reform of Marijuana Laws.

**Persons Signed In To Testify But Not Testifying:** None.