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HOUSE BILL 1976

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State of Washington

63rd Legislature

2013 Regular Session

By Representative Morris

Read first time 03/05/13. Referred to Committee on Finance.

1 AN ACT Relating to funding agricultural production research through  
2 the life sciences discovery fund with certain marijuana-related  
3 revenues; amending RCW 84.36.070 and 43.350.070; adding a new section  
4 to chapter 84.52 RCW; and creating a new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds that in 2012  
7 Washington voters passed Initiative Measure No. 502, which legalized  
8 the limited possession of marijuana by persons aged twenty-one and  
9 over, and directed the establishment of a system, overseen by the  
10 Washington state liquor control board, to license, regulate, and tax  
11 the production, processing, and wholesale and retail sales of  
12 marijuana. The legislature further finds that the only other state to  
13 have legalized provisions related to marijuana is Colorado. Therefore,  
14 the legislature intends to enable Washington to capitalize on its  
15 unique position by: Providing the opportunity to register, and thus  
16 benefit from, marijuana-related trademarks, trade names, brand names,  
17 patents, and copyrights; and directing the resulting revenue towards  
18 agricultural production research funded through the life sciences  
19 discovery fund.

1        NEW SECTION.    **Sec. 2.** A new section is added to chapter 84.52 RCW  
2 to read as follows:

3        (1) In each year, the state must levy for collection in the  
4 following year a tax of three dollars and sixty cents per thousand  
5 dollars of assessed value upon the assessed valuation of all  
6 trademarks, trade names, brand names, patents, and copyrights that are  
7 related to marijuana.

8        (2) The department may adopt rules for determining the true and  
9 fair value of such marijuana-related trademarks, trade names, brand  
10 names, patents, and copyrights, and for implementing this section.

11        (3) The tax levied on marijuana-related trademarks, trade names,  
12 brand names, patents, and copyrights must be deposited into the life  
13 sciences discovery fund established under RCW 43.350.070.

14        (4) Chapter 84.55 RCW does not apply to the tax authorized in this  
15 section.

16        **Sec. 3.** RCW 84.36.070 and 1997 c 181 s 1 are each amended to read  
17 as follows:

18        (1) Except as provided otherwise in section 2 of this act,  
19 intangible personal property is exempt from ad valorem taxation.

20        (2) "Intangible personal property" means:

21        (a) All moneys and credits including mortgages, notes, accounts,  
22 certificates of deposit, tax certificates, judgments, state, county and  
23 municipal bonds and warrants and bonds and warrants of other taxing  
24 districts, bonds of the United States and of foreign countries or  
25 political subdivisions thereof and the bonds, stocks, or shares of  
26 private corporations;

27        (b) Private nongovernmental personal service contracts, private  
28 nongovernmental athletic or sports franchises, or private  
29 nongovernmental athletic or sports agreements provided that the  
30 contracts, franchises, or agreements do not pertain to the use or  
31 possession of tangible personal or real property or to any interest in  
32 tangible personal or real property; and

33        (c) Other intangible personal property such as trademarks, trade  
34 names, brand names, patents, copyrights, trade secrets, franchise  
35 agreements, licenses, permits, core deposits of financial institutions,  
36 noncompete agreements, customer lists, patient lists, favorable

1 contracts, favorable financing agreements, reputation, exceptional  
2 management, prestige, good name, or integrity of a business.

3 (3) "Intangible personal property" does not include zoning,  
4 location, view, geographic features, easements, covenants, proximity to  
5 raw materials, condition of surrounding property, proximity to markets,  
6 the availability of a skilled workforce, and other characteristics or  
7 attributes of property.

8 (4) This section does not preclude the use of, or permit a  
9 departure from, generally accepted appraisal practices and the  
10 appropriate application thereof in the valuation of real and tangible  
11 personal property, including the appropriate consideration of licenses,  
12 permits, and franchises granted by a government agency that affect the  
13 use of the property.

14 **Sec. 4.** RCW 43.350.070 and 2011 c 5 s 916 are each amended to read  
15 as follows:

16 The life sciences discovery fund is created in the custody of the  
17 state treasurer. Only the board or the board's designee may authorize  
18 expenditures from the fund. Expenditures from the fund may be made  
19 only for purposes of this chapter. Administrative expenses of the  
20 authority, including staff support, may be paid only from the fund.  
21 Revenues to the fund consist of transfers made by the legislature from  
22 strategic contribution payments deposited in the tobacco settlement  
23 account under RCW 43.79.480, moneys received pursuant to contribution  
24 agreements entered into pursuant to RCW 43.350.030, moneys received  
25 from gifts, grants, and bequests, and interest earned on the fund.  
26 (~~During the 2009-2011 fiscal biennium, the legislature may transfer to~~  
27 ~~other state funds or accounts such amounts as represent the excess~~  
28 ~~balance of the life sciences discovery fund.)) The funds received from  
29 taxes collected under section 2 of this act may only be used to fund  
30 agricultural production-based research that meets all other grant award  
31 requirements as determined by the authority.~~

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