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**HOUSE BILL 2574**

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**State of Washington 65th Legislature 2018 Regular Session**

**By** Representatives Kloba, Sawyer, Condotta, Slatter, Robinson, Kirby, Stanford, Vick, Pollet, Wylie, Tharinger, and Macri

AN ACT Relating to establishing an endorsement to the marijuana retailer's license authorizing delivery services to qualified medical marijuana patients; amending RCW 69.50.375 and 43.06.490; adding a new section to chapter 69.50 RCW; and providing an effective date.

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

NEW SECTION. **Sec.**  A new section is added to chapter 69.50 RCW to read as follows:

(1)(a) A medical marijuana delivery endorsement to a marijuana retail license is established to permit a qualifying marijuana retailer to deliver marijuana for medical use to a qualifying medical marijuana patient or a designated provider.

(b) The medical marijuana delivery endorsement may be issued only to licensed marijuana retailers holding a medical marijuana endorsement pursuant to RCW 69.50.375. Subject to the requirements of this section, this chapter, chapter 69.51A RCW, and the applicable administrative rules, the holder of the endorsement may deliver marijuana products to a qualifying medical marijuana patient or a designated provider, at a private residence, hotel, motel, boarding house, resort, hostel, trailer camp, or similar lodging business.

(c) The liquor and cannabis board shall, by rule, establish the fee for the medical marijuana delivery endorsement. The amount of the fee must reflect the expected costs of administering the program and may be adjusted by the board to reflect the program's actual costs.

(d) A marijuana retailer holding a delivery endorsement under this section may charge a fee to the customer for any delivery made in accordance with this section.

(e)(i) Each medical marijuana delivery endorsement issued under this section applies to only one licensed marijuana retail outlet.

(ii) If a person or entity that applies for a medical marijuana delivery endorsement holds more than one marijuana retailer's license, a separate delivery endorsement is required for each retail outlet from which the license holder wishes to conduct the delivery of marijuana products to qualified medical marijuana patients.

(2)(a) A delivery of marijuana products by a marijuana retailer with a medical marijuana delivery endorsement may be made only to a qualifying medical marijuana patient or a designated provider. The person receiving delivery must be the same person who placed the order and must receive delivery at premises of a type described in subsection (1)(b) of this section.

(b) Any person delivering marijuana products under this section must be an owner or employee of the licensee holding the medical marijuana delivery endorsement and must have undergone training regarding verification of age, verification of registration in the medical marijuana authorization database and, in the case of a designated provider, verification that she or he has a valid medical marijuana recognition card.

(3) In accordance with the requirements of this section, the pertinent provisions of this chapter and chapter 69.51A RCW, and the applicable administrative rules, a licensed marijuana retailer with a medical marijuana delivery endorsement may:

(a) Receive an order over the telephone or internet, by a qualifying medical marijuana patient or designated provider for the purchase and delivery of marijuana products; and

(b) Deliver marijuana products to the same person who placed the order for the marijuana products over the telephone or internet.

(4)(a) A qualifying medical marijuana patient or a designated provider who receives delivery of marijuana products must provide the delivery person with valid identification showing proof of age as well as a valid medical marijuana recognition card showing that the recipient is registered in the medical marijuana authorization database.

(b) The delivery person must confirm the validity of both the recipients identification and medical marijuana recognition card through the use of an electronic device or web-based application as required by the liquor and cannabis board.

(5) No advertising related to marijuana or a retail marijuana business may be displayed on a vehicle involved in the delivery of marijuana products pursuant to a medical marijuana delivery endorsement.

(6) The liquor and cannabis board may adopt rules necessary to implement this section and must adopt rules that include the following:

(a) Eligibility requirements for the issuance of a medical marijuana delivery endorsement to a marijuana retailer;

(b) Training requirements for persons involved in the delivery of marijuana products;

(c) Practices and procedures for conducting compliance tests to ensure that no marijuana products are delivered to a person who does not meet the age and medical marijuana authorization database registration requirements established under this section;

(d) Civil penalties and other administrative actions, as the board deems appropriate, that may be imposed upon a medical marijuana delivery endorsement holder that delivers marijuana products to a person under twenty-one years of age or is not registered in the medical marijuana authorization database;

(e) Procedures for age verification and verification of registration in the medical marijuana authorization database;

(f) Delivery vehicle requirements, including the maximum number of delivery vehicles that may be used by a marijuana retailer per work shift;

(g) Security requirements;

(h) Recordkeeping requirements;

(i) Limits on the amounts of marijuana products and money that may be carried in a delivery vehicle;

(j) Practices and procedures to ensure that marijuana products delivered under this section are subject to the same traceability requirements applicable to marijuana products sold by a licensed marijuana retailer pursuant to this chapter and the rules adopted to implement this chapter; and

(k) Penalties for violations of this section or rules adopted to implement this section.

(7) It is not a violation of any provision of state law, civil or criminal, for the owner or employee of a retail marijuana outlet with a medical marijuana delivery endorsement to possess, transport, and deliver marijuana products in amounts that do not exceed the maximum amounts established by the liquor and cannabis board if such delivery-related activities are consistent with other requirements set forth in this chapter and chapter 69.51A RCW and the rules adopted by the liquor and cannabis board.

(8) For the purposes of this section:

(a) "Designated provider" has the meaning provided in RCW 69.51A.010;

(b) "Medical marijuana authorization database" has the meaning provided in RCW 69.51A.010; and

(c) "Qualifying medical marijuana patient" means a qualifying patient under chapter 69.51A RCW who is at least twenty-one years of age, is registered in the medical marijuana authorization database, and possesses a valid recognition card issued pursuant to RCW 69.51A.230.

**Sec.**  RCW 69.50.375 and 2015 c 70 s 10 are each amended to read as follows:

(1) A medical marijuana endorsement to a marijuana retail license is hereby established to permit a marijuana retailer to sell marijuana for medical use to qualifying patients and designated providers. This endorsement also permits such retailers to provide marijuana at no charge, at their discretion, to qualifying patients and designated providers.

(2) A licensed marijuana retailer holding both the endorsement established in this section and the medical marijuana delivery endorsement established in section 1 of this act may deliver marijuana for medical use to a qualifying medical marijuana patient in accordance with the requirements established in section 1 of this act. A qualifying medical marijuana retailer may charge a fee for such delivery services.

(3) An applicant may apply for a medical marijuana endorsement concurrently with an application for a marijuana retail license.

((~~(3)~~)) (4) To be issued an endorsement, a marijuana retailer must:

(a) Not authorize the medical use of marijuana for qualifying patients at the retail outlet or permit health care professionals to authorize the medical use of marijuana for qualifying patients at the retail outlet;

(b) Carry marijuana concentrates and marijuana-infused products identified by the department under subsection ((~~(4)~~)) (5) of this section;

(c) Not use labels or market marijuana concentrates, useable marijuana, or marijuana-infused products in a way that make them intentionally attractive to minors;

(d) Demonstrate the ability to enter qualifying patients and designated providers in the medical marijuana authorization database established in RCW 69.51A.230 and issue recognition cards and agree to enter qualifying patients and designated providers into the database and issue recognition cards in compliance with department standards;

(e) Keep copies of the qualifying patient's or designated provider's recognition card, or keep equivalent records as required by rule of the state liquor and cannabis board or the department of revenue to document the validity of tax exempt sales; and

(f) Meet other requirements as adopted by rule of the department or the state liquor and cannabis board.

((~~(4)~~)) (5) The department, in conjunction with the state liquor and cannabis board, must adopt rules on requirements for marijuana concentrates, useable marijuana, and marijuana-infused products that may be sold, or provided at no charge, to qualifying patients or designated providers at a retail outlet holding a medical marijuana endorsement. These rules must include:

(a) THC concentration, CBD concentration, or low THC, high CBD ratios appropriate for marijuana concentrates, useable marijuana, or marijuana-infused products sold to qualifying patients or designated providers;

(b) Labeling requirements including that the labels attached to marijuana concentrates, useable marijuana, or marijuana-infused products contain THC concentration, CBD concentration, and THC to CBD ratios;

(c) Other product requirements, including any additional mold, fungus, or pesticide testing requirements, or limitations to the types of solvents that may be used in marijuana processing that the department deems necessary to address the medical needs of qualifying patients;

(d) Safe handling requirements for marijuana concentrates, useable marijuana, or marijuana-infused products; and

(e) Training requirements for employees.

((~~(5)~~)) (6) A marijuana retailer holding an endorsement to sell marijuana to qualifying patients or designated providers must train its employees on:

(a) Procedures regarding the recognition of valid authorizations and the use of equipment to enter qualifying patients and designated providers into the medical marijuana authorization database;

(b) Recognition of valid recognition cards; and

(c) Recognition of strains, varieties, THC concentration, CBD concentration, and THC to CBD ratios of marijuana concentrates, useable marijuana, and marijuana-infused products, available for sale when assisting qualifying patients and designated providers at the retail outlet.

**Sec.**  RCW 43.06.490 and 2015 c 207 s 2 are each amended to read as follows:

(1) The governor may enter into agreements with federally recognized Indian tribes concerning marijuana. Marijuana agreements may address any marijuana-related issue that involves both state and tribal interests or otherwise has an impact on tribal-state relations. Such agreements may include, but are not limited to, the following provisions and subject matter:

(a) Criminal and civil law enforcement;

(b) Regulatory issues related to the commercial production, processing, sale, and possession of marijuana, and processed marijuana products, for both recreational and medical purposes;

(c) Medical and pharmaceutical research involving marijuana;

(d) Taxation in accordance with subsection (2) of this section;

(e) Any tribal immunities or preemption of state law regarding the production, processing, or marketing of marijuana; ((~~and~~))

(f) Dispute resolution, including the use of mediation or other nonjudicial process; and

(g) Delivery sales to qualified medical marijuana patients as defined in section 1 of this act or a designated provider as defined in RCW 69.51A.010, by tribes, tribal enterprises, or tribal member-owned businesses that are retailers of marijuana where:

(i) The marijuana delivery process originates in Indian country;

(ii) Physical transfer of possession of marijuana occurs within or outside of Indian country; and

(iii) Delivery sale requirements are the same or substantially the same as delivery sale requirements established under section 1 of this act.

(2)(a) Each marijuana agreement adopted under this section must provide for a tribal marijuana tax that is at least one hundred percent of the state marijuana excise tax imposed under RCW 69.50.535 and state and local sales and use taxes on sales of marijuana. Marijuana agreements apply to sales in which tribes, tribal enterprises, or tribal member-owned businesses (i) deliver or cause delivery to be made to or receive delivery from a marijuana producer, processor, or retailer licensed under chapter 69.50 RCW or (ii) physically transfer possession of the marijuana from the seller to the buyer within Indian country.

(b) The tribe may allow an exemption from tax for sales to the tribe, tribal enterprises, tribal member-owned businesses, or tribal members((~~[,]~~)), on marijuana grown, produced, or processed within its Indian country, or for activities to the extent they are exempt under state or federal law from the state marijuana excise tax imposed under RCW 69.50.535 or state and local sales or use taxes on sales of marijuana. Medical marijuana products used in the course of medical treatments by a clinic, hospital, or similar facility owned and operated by a federally recognized Indian tribe within its Indian country may be exempted from tax under the terms of an agreement entered into under this section.

(3) Any marijuana agreement relating to the production, processing, and sale of marijuana in Indian country, whether for recreational or medical purposes, must address the following issues:

(a) Preservation of public health and safety;

(b) Ensuring the security of production, processing, retail, and research facilities; and

(c) Cross-border commerce in marijuana.

(4) The governor may delegate the power to negotiate marijuana agreements to the state liquor ((~~control~~)) and cannabis board. In conducting such negotiations, the state liquor ((~~control~~)) and cannabis board must, when necessary, consult with the governor and/or the department of revenue.

(5) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Indian country" has the same meaning as in RCW 82.24.010.

(b) "Indian tribe" or "tribe" means a federally recognized Indian tribe located within the geographical boundaries of the state of Washington.

(c) "Marijuana" means "marijuana," "marijuana concentrates," "marijuana-infused products," and "useable marijuana," as those terms are defined in RCW 69.50.101.

NEW SECTION. **Sec.**  This act takes effect July 1, 2019.

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