

# HOUSE BILL REPORT

## 2SSB 5052

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### As Passed House - Amended:

April 10, 2015

**Title:** An act relating to establishing the cannabis patient protection act.

**Brief Description:** Establishing the cannabis patient protection act.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Rivers, Hatfield and Conway).

### Brief History:

#### Committee Activity:

Health Care & Wellness: 3/5/15, 3/13/15 [DPA].

#### Floor Activity:

Passed House - Amended: 4/10/15, 60-36.

### Brief Summary of Second Substitute Bill (As Amended by House)

- Requires licensed marijuana retailers to obtain a medical marijuana endorsement to sell medical-grade marijuana to qualifying patients and designated providers.
- Requires qualifying patients and designated providers to be entered into the Medical Marijuana Authorization Database and obtain a recognition card to have additional amounts of marijuana products and arrest protection.
- Varies the amount of marijuana that a qualifying patient may possess depending on whether or not they have a recognition card or authorization from a health care professional for an additional amount.
- Eliminates collective gardens and replaces them with cooperatives which may only have four qualifying patients or designated providers and must be registered with the Liquor and Cannabis Board.

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## HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

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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.*

**Majority Report:** Do pass as amended. Signed by 9 members: Representatives Cody, Chair; Riccelli, Vice Chair; Schmick, Ranking Minority Member; Clibborn, Jinkins, Johnson, Moeller, Robinson and Tharinger.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Harris, Assistant Ranking Minority Member; Caldier and Short.

**Minority Report:** Without recommendation. Signed by 1 member: Representative DeBolt.

**Staff:** Chris Blake (786-7392).

**Background:**

*Regulation of Marijuana.*

Marijuana is classified as a Schedule I substance under the Controlled Substances Act (CSA). Under the CSA, Schedule I substances are characterized as having a high potential for abuse, no currently accepted medical use, and no accepted safe means for using the drug under medical supervision. The manufacture, possession, or distribution of Schedule I substances is a criminal offense under federal law.

In 1998 Washington voters approved Initiative 692 to allow qualifying patients to use limited amounts of marijuana for medicinal purposes. To become a qualifying patient, a person must be: (1) diagnosed with a terminal or debilitating condition; (2) advised by a health care professional about the risks and benefits of the medical use of marijuana; and (3) advised by a health care professional that he or she may benefit from the medical use of marijuana. A qualifying patient may authorize a designated provider to obtain medical marijuana and perform other responsibilities on behalf of the qualifying patient.

Qualifying patients and designated providers are protected from arrest or prosecution under state laws relating to marijuana if the individual uses and possesses it for medicinal purposes, does not exceed specified amounts, and meets other criteria. Qualifying patients may grow marijuana themselves or have a designated provider grow on their behalf. They may also obtain marijuana through collective gardens which consist of up to 10 qualifying patients who share in the responsibilities of producing and processing marijuana for medical use.

In 2012 Washington voters approved Initiative 502 which established a regulatory system for the production, processing, and distribution of limited amounts of marijuana for non-medical purposes. Under this system, the Liquor Control Board issues licenses to marijuana producers, processors, and retailers and adopts standards for the regulation of these operations. Persons over 21 years old may purchase up to one ounce of useable marijuana, 16 ounces of solid marijuana-infused product, and 72 ounces of liquid marijuana-infused product at a licensed retailer.

*Federal Response to State Marijuana Regulations.*

Washington is one of 23 states that have passed legislation allowing the use of marijuana for medicinal purposes and one of four states that allow its recreational use. These activities, however, remain illegal under federal law. Absent congressional action, state laws permitting the use of marijuana will not protect a person from legal action by the federal government.

In recent years, the United States Department of Justice (DOJ) has issued several policy statements regarding state regulation of marijuana. The latest of these was issued in August 2013. In this memorandum, federal prosecutors were instructed to focus investigative and prosecutorial resources related to marijuana on specific enforcement priorities to prevent:

- the distribution of marijuana to minors;
- marijuana sales revenue from being directed to criminal enterprises;
- marijuana from being diverted from states where it is legal to states in which it is illegal;
- state-authorized marijuana activity from being used as a cover for trafficking other illegal drugs or other illegal activity;
- violence and the use of firearms in the production and distribution of marijuana;
- drugged driving and other marijuana-related public health consequences;
- the growth of marijuana on public lands; and
- marijuana possession or use on federal property.

The memorandum maintains that the DOJ has not historically prosecuted individuals in cases that pertain to the possession of small amounts of marijuana for personal use on private property. With respect to state laws that authorize marijuana production, distribution, and possession, the memorandum asserts that when these activities are conducted in compliance with strong and effective regulatory and enforcement systems, there is a reduced threat to federal priorities. In those instances, the memorandum provides that state and local law enforcement should be the primary means of regulation. The memorandum, however, continues to affirm its authority to challenge the regulatory system and to bring individual enforcement actions in cases in which state enforcement efforts are inadequate.

### **Summary of Amended Bill:**

The name of the Liquor Control Board is changed to the Liquor and Cannabis Board (LCB).

#### *Licensed Medical Marijuana Producers, Processors, and Retailers.*

The LCB must increase the limits on the amount of space permitted for marijuana production to account for marijuana producers that intend to produce for qualifying patients for purchase through marijuana retailers with a medical marijuana endorsement. If currently licensed marijuana producers do not participate at a level sufficient to meet the new production limit, the LCB may accept applications from new applicants who agree to grow marijuana for qualifying patients for purchase through marijuana retailers with a medical marijuana endorsement.

A licensed marijuana retailer may receive a medical marijuana endorsement to allow it to sell marijuana for medical use to qualifying patients and designated providers. The LCB must increase the maximum number of marijuana retail outlets and accept applications from new applicants, if necessary, to accommodate the medical needs of qualifying patients and designated providers. A marijuana retailer with a medical marijuana endorsement:

- may not allow authorization activities to occur at the retail outlet;
- must carry marijuana concentrates and marijuana-infused products that meet Department of Health (Department) requirements for sale to qualifying patients and designated providers;

- may not use labels or marketing for marijuana products in ways that make them intentionally attractive to minors;
- must agree to enter qualifying patients and designated providers in the Medical Marijuana Authorization Database (Database) and issue authorization cards; and
- must comply with requirements for keeping records for tax exemption purposes.

The LCB's licensing process for marijuana producer, processor, and retailer licenses must be comprehensive, fair, and impartial. The LCB must develop a competitive, merit-based application process that allows applicants to demonstrate experience and qualifications in the marijuana industry. The first priority is to be given to those who: (1) had applied for a marijuana retailer license prior to July 1, 2014; (2) operated or were employed by a collective garden prior to November 6, 2012; (3) have appropriate business licenses; and (4) have a history of paying all applicable taxes. Second priority is to be given to those who: (1) operated or were employed by a collective garden prior to November 6, 2012; (2) have appropriate business licenses; and (3) have a history of paying all applicable taxes.

The Department must establish requirements for marijuana products to be sold in marijuana retailers with a medical marijuana endorsement. The standards must address tetrahydrocannabinol (THC) and cannabidiol (CBD) concentrations and ratios appropriate for qualifying patients, testing and patient needs, labeling, safe handling, and employee training. These products are no longer listed as schedule I controlled substances, however, there are similar criminal penalties established for illegal possession, manufacturing, and distribution of these products.

Marijuana retailers with a medical marijuana endorsement may allow qualifying patients between 18 and 21 years of age to enter and remain in the retail outlet and to purchase products for their own medical use. Qualifying patients who are under 18 years of age may enter and remain in the retail outlet, but not make purchases, if accompanied by their designated providers. The LCB may conduct controlled purchase programs to determine whether marijuana retailers, marijuana retailers with medical marijuana endorsements, collective gardens, and cooperatives are in compliance with applicable age requirements. Marijuana retailers may conduct in-house controlled purchase programs. A person under 21 years of age who purchases or attempts to purchase marijuana is guilty of a misdemeanor.

Marijuana retailers with a medical marijuana endorsement must train employees on the general legal requirements of the LCB regulations, the recognition of valid authorizations and authorization cards, procedures for entering qualifying patients and designated providers into the Database, and the identification of persons under 21 years of age. Employees must also be trained to assist customers with the selection of marijuana products through the recognition of strains, varieties, THC concentration, CBD concentration, and THC-to-CBD ratios.

Marijuana concentrates must be covered in the LCB's rules related to production, processing, and packaging; standards for ingredients and quality; labeling and advertising; transportation; and seizure, confiscation, and destruction methods.

By December 1, 2015, the Department must develop recommendations regarding the establishment of medical marijuana specialty clinics that both authorize and dispense marijuana for medical use.

*Standards for Health Care Professional Authorization Activities.*

After July 1, 2016, when recommending marijuana to a patient for medical use, a health care provider must complete and sign an authorization. An authorization is a form developed by the Department that includes the qualifying patient's or designated provider's name, address, and date of birth; the health care professional's name, address, and license number; the amount of marijuana recommended; a telephone number to verify the authorization; and a statement that the authorization does not provide arrest protection unless the qualifying patient or designated provider is entered in the Database and holds a recognition card.

Health care professionals may only provide services related to authorizing the medical use of marijuana in their permanent physical location of business and physical examinations must be conducted in person. Authorizations expire within a year for adults, and within six months for minors and may only be renewed upon completion of a physical examination. Health care professionals must advise qualifying patients on the types of marijuana products to look for and how to use the marijuana product. Health care professionals may not sell marijuana products, except for the sale or donation of topical, noningestible products with a THC concentration less than 0.3 percent to qualifying patients.

A health care professional may authorize marijuana for a qualifying patient who is less than 18 years old if the minor's parent or guardian agrees and participates in the minor's treatment and the parent or guardian is the minor's designated provider and has control over the minor's supply of marijuana. The health care professional must reexamine the minor qualifying patient at least every six months and consult with other health care providers treating the minor qualifying patient.

Posttraumatic stress disorder and traumatic brain injury are added to the list of conditions that qualify as a "terminal or debilitating medical condition." The Board of Naturopathy, Board of Osteopathic Medicine and Surgery, the Medical Quality Assurance Commission, and the Nursing Care Quality Assurance Commission must develop and approve continuing education related to adopted practice guidelines for their regulated health care providers.

*Authorization to Use Marijuana for Medical Purposes.*

As of July 1, 2016, qualifying patients and designated providers may present their authorization from a health care professional to a marijuana retailer with a medical marijuana endorsement and be entered into the Database and obtain a recognition card. Recognition cards must contain a unique identifying number; a photograph of the cardholder; the amount of marijuana concentrates, useable marijuana, marijuana-infused products, or plants that have been authorized; the effective date and expiration date; the name of the authorizing health care professional; and security measures. Recognition cards are valid for one year for qualifying patients 18 years of age or older, and six months for qualifying patients under 18 years of age. Qualifying patients may not receive a new recognition card until they have been reexamined by a health care professional and issued a new authorization.

Qualifying patients or designated providers who obtain a recognition card may present it to law enforcement officers to receive arrest protection. Those who have an authorization, but decide not to get a recognition card are provided an affirmative defense to certain marijuana possession-related crimes. A qualifying patient who is under 18 years old must be entered in the Database and have a recognition card. In addition, the parents or guardians of a qualifying patient who is under age 18 must be entered into the Database and receive a recognition card. The age to be a designated provider is increased from 18 to 21 years of age.

Employers may not prohibit or limit the authority of any health care professional to advise patients about the medical use of marijuana or provide an authorization to a patient who meets the criteria of a qualifying patient.

The amount of marijuana that qualifying patients and designated providers may possess varies depending on whether they have a recognition card or not. If the qualifying patient or designated provider has a recognition card, they may possess a combination of up to 48 ounces of solid marijuana-infused product, 216 ounces of liquid marijuana-infused product, 21 grams of marijuana concentrates, 3 ounces of useable cannabis, six marijuana plants, and 8 ounces of usable marijuana derived from their plants. The qualifying patient's health care professional may specify additional amounts of plants and useable marijuana from those plants totaling up to 15 plants and 16 ounces of useable marijuana. For those qualifying patients and designated providers who have an authorization, but not a recognition card, they are limited to a combination of up to 16 ounces of solid marijuana-infused product, 72 ounces of liquid marijuana-infused product, 7 grams of marijuana concentrates, 1 ounce of useable marijuana, four marijuana plants, and 6 ounces of usable marijuana derived from their plants.

The Department must contract with an administrator to establish and maintain the Database. The administrator must consult with the Department, stakeholders, and others with relevant experience. The Database must be operational by July 1, 2016. The Database must be secure and confidential and allow health care professionals to add qualifying patients and designated providers and the amount of authorized marijuana concentrates, useable marijuana, marijuana-infused products, and plants.

Information in the Database may only be shared with:

- persons authorized to prescribe or dispense controlled substances for the purpose of providing medical care to their patients;
- qualifying patients and designated providers for the purpose of accessing their own information or information about any person or entity that has asked for their information;
- local, state, tribal, and federal law enforcement or prosecutorial officials for the purpose of confirming the validity of a qualifying patient's or designated provider's authorization card pursuant to a specific investigation;
- marijuana retailers holding a medical marijuana endorsement for the purpose of confirming the validity of a recognition card;
- the Department of Revenue for the purpose of verifying tax exemptions; and
- the Department and health professions' boards and commissions, for the purpose of monitoring authorizations and compliance by health care professionals.

The Database is exempt from the Public Records Act. Information from the Database may only be released in aggregate form with all personally identifiable information redacted.

Until the Database is operational, health care professionals who issue authorizations to more than 30 patients per month must report the number of authorizations to the Department.

The Database is funded through a one dollar fee collected from the qualifying patient or designated provider by the marijuana retailer with a medical marijuana endorsement. Fees are to be remitted to the Department which is to deposit them in the Health Professions Account. The cost of implementing and administering the Database shall be funded from the Health Professions Account. The Department shall report to the Governor and legislative fiscal committees by November 1, 2016 regarding the cost of implementing and administering the Database, the amounts from the Health Professions Account used to finance those purposes, and Database enrollment figures. It is the stated intent of the Legislature to restore funds to the Health Professions Account with a future appropriation using funds derived from the Dedicated Marijuana Account.

*Cooperatives and Home-Based Activities.*

Collective gardens may continue to exist until July 1, 2016, however, no person under 21 years old may participate in them or receive marijuana from them. As of July 1, 2016, the authority to establish collective gardens is eliminated and replaced with cooperatives. A cooperative may have up to four qualifying patients or designated providers who share responsibility for acquiring and supplying resources to produce and process marijuana for their medical use. All members of the cooperative must hold recognition cards and may only participate in one cooperative. Members who grow plants as part of a cooperative may not grow plants anywhere else.

Members of a cooperative may only grow as much as the combined total number of plants that all of the members are authorized to grow, up to a maximum of 60 plants. Nothing produced or processed by a cooperative may be sold or donated to any person who is not a member of the cooperative. The location of the cooperative must be registered with the LCB and the cooperative members may only grow and process marijuana at that location. The location of the cooperative must be the domicile of one of the members and be at least one mile from a marijuana retailer. If a qualifying patient or designated provider withdraws from the cooperative, the former member must notify the LCB within 15 days and no new members may join that cooperative for 60 days. The LCB may adopt rules related to security at cooperatives and traceability of marijuana grown in cooperatives and inspect cooperatives for compliance. Cooperatives are exempt from the business and occupations tax.

Qualifying patients or designated providers growing marijuana plants at home are limited to only 15 plants at the address. None of the activities may occur if the public or another private residence can view or smell the marijuana. The LCB must adopt rules to allow qualifying patients and designated providers to extract or separate resin from marijuana using noncombustible methods.

*Certified Medical Marijuana Consultants.*

A certificate program is established by the Department for medical marijuana consultants. A medical marijuana consultant may practice in a marijuana retailer with a medical marijuana endorsement. A medical marijuana consultant may assist customers with the selection of marijuana products to benefit particular terminal or debilitating medical conditions, describe the risks and benefits of those products and different methods of administration, provide instruction and demonstrations to customers about the proper use and application of marijuana products and advise customers about the safe handling and storage of those products. The Department must approve training and education programs for medical marijuana consultants.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Amended Bill:** The bill takes effect 90 days after the adjournment of the session in which the bill is passed, except for sections 21, 22, 32, and 33 relating to the Medical Marijuana Authorization Database, collective gardens, and controlled purchase programs, which contain an emergency clause and take effect immediately; and sections 12, 19, 20, 23 through 26, 31, 35, 40, and 49 relating to age restrictions and employee training in marijuana retailers with a medical marijuana endorsement, authorization activities by health care professionals, unlawful activity, arrest protection, affirmative defense provisions, sales of topical products by health care professionals, cooperatives, and the repeal of collective gardens, which take effect July 1, 2016. However, the bill is contingent upon the enactment of House Bill 2136 by October 1, 2015.

**Staff Summary of Public Testimony:**

(In support) This bill will harmonize the I-502 and medical marijuana systems. This bill has been worked on for a couple of years in a bipartisan and bicameral fashion. With proper guidelines, patients, gardens, law enforcement, and regulators will be protected. Marijuana provides an alternative to ineffective medications. This will provide a framework for clean, reliable, safe access. The bill increases the canopy to ensure an adequate supply of marijuana for medical use. This bill allows collectives to operate until 2016 which provides time for the state LCB to regulate. This bill makes posttraumatic stress disorder a qualifying condition. Marijuana can cure cancer. Poison centers are seeing increases in the number of cases coming to emergency departments. Dispensaries must be licensed.

This bill will allow medical marijuana to be cultivated in a responsible way. There is no other medicine that does not have basic regulation, such as testing, dosing, and labeling. This product has medicinal properties, but no regulatory oversight. Studies show there are many contaminants in marijuana for medical use and this bill will create a safe supply of marijuana for patients as exists in the I-502 system. This is about allowing people to use marijuana instead of toxic chemicals. Marijuana sold as medicine should be tested and labeled. This bill gives customers confidence in medical marijuana products. Not all consumers are currently benefitting from I-502 safety regulations. Unregulated extraction methods, which have led to explosions, will be prohibited.

A child can get authorization without a parent's knowledge and this addresses youth access concerns. If health care professionals are authorizing the use of marijuana for children, the public needs to know why and parents should be involved in those decisions. Edibles are being made available to youth and are not regulated in the medical marijuana system and should be regulated as in I-502.

The Medical Marijuana Authorization Database (Database) is needed to provide demographics on patients and authorizing providers. The Database is carefully considered to give security equal to the Prescription Drug Monitoring Program and confidentiality standards. Every other medical marijuana state has a database.

There are neighborhoods with huge marijuana markets because there are no regulations. Good actors are concerned about patients and protecting youth. Counties and law enforcement need clear regulations to weed out bad actors who are selling to everyone, even children. Current medical marijuana laws are ineffective. Even people who support marijuana find themselves opposed to players who abuse the system via the collective garden law. The unregulated community is flooding streets with illicit, untested product. People are taking advantage of tolerance to medical marijuana.

The system is moving from non-regulation into being a responsible, regulated industry. There needs to be a single marketplace with sensible taxation. No business is guaranteed success, but they should be allowed to compete on a level playing field. This bill will assure that the law is applied consistently and that those who follow the law are not at a disadvantage. Currently, the unregulated market competes with the I-502 market, but they are not taxed and do not have to follow safety regulations.

(With concerns) There should be merit-based applications for licenses. The bill provides a clear path for retailers, but not producers and processors. Many collectives are good players who pay all taxes, are licensed by the state, and pay a living wage and benefits. There needs to be a clear path for good collectives to participate. Evidence demonstrates the therapeutic value of medical marijuana. The state should gather research and work on a separate path for medical marijuana.

(Opposed) The LCB is overtasked with recreational marijuana. Projections on retail outlets have not been met. Patients should not be put into recreational stores because there is not even enough supply for recreational use. The state should take a year with the Database to get a patient count to know the supply and demand for patients, as well as recreational. This bill will force medical patients into recreational settings which is like having to get medicine in liquor stores. This will force patients into the streets to get medicine. Not being able to grow within 15 miles of a retailer will eliminate grows in all of Bellingham. The state should not punish everyone for the bad acts of a few. There needs to be a higher plant count because not everyone is an expert gardener and can get one to two ounces per plant. The ounces of marijuana, not the plants, should be counted. Those who are low income cannot get affordable access to medicine. There are not enough doctors who are able to write recommendations. Allow critically ill patients to have access. Patients rely on collective gardens. It is important to specify the method of hash oil extraction. This bill does not consider children or those with severe problems. If you reduce plants, collectives will have to decide which kids to help.

Health care professionals cannot talk to patients about marijuana and different forms available to patients. This bill goes after free speech. This is over-regulation. The state cannot mix progressive policy with regressive taxation. This creates a government monopoly. The bill is based on falsehood and harm that is not real. The Department of Health (Department) wants to de-incentivize medical marijuana and have as few people as possible who can qualify. The Department is going after doctors and telling patients that it is acting in their best interest while it is trying to corner the market. Law enforcement and Child Protective Services could get ahold of the registry information and take children from parents. The registry violates federal law. The registry gives the federal government the tools to go after patients. There should be no registration until federal law is changed. A lot of this bill conflicts with the Controlled Substances Act. Marijuana should be rescheduled before changing the Medical Use of Cannabis Act.

The unregulated market leads to competition. If one does not have a good product, the market will regulate and drive bad actors out of business. This bill will drive businesses out of state. The current system could attract more doctors and help the real estate market.

(Other) Full-extract cannabis oil can cure cancer. Some patients have been bankrupted physically, emotionally, and financially because they cannot grow their own marijuana or make their own medicine. There are people who can teach others how to make their own medicines, but there are no provisions in the bill to allow for this. It is exciting to have the ability to get data regarding how many patients there are and what conditions they have. People have become sick because of I-502 and there needs to be quality control. This bill is good for patients. There is room for everyone in both I-502 and medical systems. Medical marijuana should be given priority over recreational. This bill creates liability for people using marijuana as medicine, who may die if they don't get medicine.

**Persons Testifying:** (In support) Senator Rivers, prime sponsor; Kristi Weeks, Department of Health; Rick Garza, Washington State Liquor Control Board; Tim Fretz; John Cupp; Rick Rosio, Veterans for Compassionate Care; Vicki Christopherson, Washington CannaBusiness Association; Lori Lizotte, Polygenix THC; Ian Eisenberg, Uncle Ikes; Michelle Grogan, Green America; Sarah Blankenship, Right Patch; John Branch, Ponder; Chris Kealy, Spinning Heads Incorporated; David Mendoza, City of Seattle; and Jeff Gilmore.

(With concerns) Angel Swanson; and Jessica Beckett and Sharon Ness, United Food & Commercial Workers Union.

(Opposed) Tammy Ramsay; Adam Assenberg; Toni Mills and Tyson Nowell, Human Solution International; Arthur West, John Worthington, and James Barber, Cannabis Action Coalition; Paula Baldwin; James Peterson; and Hugh Newmark.

(Other) Dawn Darington; and Patricia Parkins.

**Persons Signed In To Testify But Not Testifying:** More than 20 persons signed in. Please see committee staff for information.