

SENATE BILL REPORT

SB 5130

As Passed Senate, March 31, 2017

Title: An act relating to increasing marijuana license fees and adding a temporary additional fee on marijuana licenses issued by the Washington state liquor and cannabis board.

Brief Description: Increasing marijuana license fees and adding a temporary additional fee on marijuana licenses issued by the Washington state liquor and cannabis board.

Sponsors: Senators Rivers, Conway and Chase; by request of Liquor and Cannabis Board.

Brief History:

Committee Activity: Commerce, Labor & Sports: 1/19/17, 2/02/17 [DP, w/oRec].

Floor Activity:

Passed Senate: 3/31/17, 35-10.

Brief Summary of Bill

- Raises the Liquor and Cannabis Board (LCB) licensing and renewal fee for marijuana producers, processors, retailers, and researchers from \$1,000 to \$1,300.
- Authorizes a one-time nonrefundable additional fee of \$480 imposed on all marijuana license applications and renewals.
- Requires the LCB to use the revenue from this fee to replace the LCB's current electronic traceability system.

SENATE COMMITTEE ON COMMERCE, LABOR & SPORTS

Majority Report: Do pass.

Signed by Senators Baumgartner, Chair; Keiser, Ranking Minority Member; Conway, Hasegawa, King and Saldaña.

Minority Report: That it be referred without recommendation.

Signed by Senator Braun, Vice Chair.

Staff: Richard Rodger (786-7461)

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.

Background: The LCB has the authority to license and regulate marijuana businesses in Washington State. The LCB issues licenses to marijuana producers, processors, retailers, and researchers. The fee for each license is set in statute at \$1,000 for both the original application and each annual renewal, with the exception of the application fee for the research license which is set at \$250.

All marijuana licensees are required to electronically track marijuana from seed to sale. This includes the tracking of all marijuana seedlings, clones, plants, lots of usable marijuana or trim, leaves, and other plant matter, batches of extracts, marijuana-infused products, samples, and marijuana waste. These items must be traceable from production through processing, and through the retail stores. The licensees are required to provide the tracking information on a system as specified by the LCB.

Summary of Bill: Effective July 1, 2018, the licensing application and renewal fees for marijuana producers, processors, retailers, and researchers are raised to \$1,300.

A one-time nonrefundable additional fee of \$480 is imposed on all marijuana license applications and modifications. The fee applies to new license applications and modifications received after the effective date of this act and all license renewals for licenses expiring on or after June 30, 2017. The one-time fee expires on June 30, 2018. The LCB is required to use the revenue from this fee to replace the LCB's current electronic traceability system.

Appropriation: None.

Fiscal Note: Available. OFM requested ten-year cost projection pursuant to I-960.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains several effective dates. Please refer to the bill.

Staff Summary of Public Testimony: PRO: The LCB has a serious problem with their BioTrack system that needs to be fixed. Improvements to the traceability system will benefit the state. This system is necessary to meet the requirements of the DOJ's Cole memorandum. It prevents diversion outside the system and prevents product from entering into the system. It is necessary to keep it robust and ensure accountability. The system doesn't meet the current needs of the businesses or the LCB. The LCB will contribute half the money to upgrade the new tracking system.

CON: These fees should not go forward until the LCB's working group has had a chance to review them. The fees are premature as bids haven't even come in yet. Even though the marijuana industry is generating tax revenues that exceed expectations, the businesses themselves are struggling.

OTHER: We are supportive of the goals to replace the current tracking system. However, very few of these businesses are generating lots of income. The projected tax revenue from the sales of marijuana are now at \$732 million for the next biennium. We believe the state should bear some of the burden in purchasing a new traceability system.

Persons Testifying: PRO: Senator Ann Rivers, Prime Sponsor; James Paribello, WSLCB.

CON: John Worthington, Viper Pac. 420LEAKS, CAC.AAMC; Yolanda Goff, STRYPS/Co-Founder; Ryan Sevigny, The Cannabis Alliance.

OTHER: Vicki Christophersen, Washington CannaBusiness Association.

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