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## Commerce & Gaming Committee

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### SB 6057

**Brief Description:** Concerning price differentials in the sale of marijuana.

**Sponsors:** Senators Stanford, Rivers, Wilson, C., Conway, King and Nguyen.

#### Brief Summary of Bill

- Prohibits marijuana licensees from discriminating in price in selling marijuana to another marijuana licensee, with an exception for authorized price differentials.
- Authorizes price differentials for sales of marijuana in any single transaction or recurring long-term contracts when based upon bona fide business factors.
- Includes a non-exhaustive list of recognized bona fide business factors, including competitive conditions, costs of servicing a marijuana retailer's account, efficiencies in handling goods, or quantity of marijuana products purchased in the transaction or series of transactions.

**Hearing Date:** 2/24/20

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

#### Background:

Current statutes regulating marijuana licensees do not specifically address price differentials for sales of marijuana products between licensees. However, marijuana producers, processors, and retailers licensed by the Liquor and Cannabis Board (LCB) are prohibited from making sales of any marijuana or marijuana product if the sale is conditioned upon the buyer's purchase of any service or nonmarijuana product. This prohibition applies whether the buyer purchases the service or nonmarijuana product at the time of sale of the marijuana or marijuana product, or in a separate transaction. In this context, "service" is defined as memberships and any other services identified by the LCB, and "nonmarijuana product" is defined as paraphernalia, promotional items, lighters, bags, boxes, containers, and other items identified by the LCB.

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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.*

Liquor statutes provide that it is unlawful for breweries, wineries, distilleries, and other manufacturers and their authorized representatives to discriminate in price in selling to any purchaser for resale in Washington. However, price differentials for sales of spirits or wine are authorized when based upon competitive conditions, costs of servicing a purchaser's account, efficiencies in handling goods, or other bona fide business factors, to the extent the differentials are not unlawful under trade regulation laws applicable to goods of all kinds.

**Summary of Bill:**

It is provided that a marijuana licensee may not discriminate in price in selling marijuana to another marijuana licensee. However, price differentials for sales of marijuana in any single transaction or recurring long-term contracts are authorized when based upon bona fide business factors including, but not limited to, competitive conditions, costs of servicing a marijuana retailer's account, efficiencies in handling goods, or quantity of marijuana products purchased in the transaction or series of transactions.

However, these price differentials for sales of marijuana products between licensees are not allowed to the extent the price differentials are unlawful under trade regulation laws applicable to goods of all kinds. It is also provided that the existing prohibition against marijuana licensees making sales of marijuana or marijuana products conditioned upon the buyer's purchase of any service or nonmarijuana product does not prohibit the preceding types of authorized price differentials for sales of marijuana. Further, it is provided that authorized price differentials for sales of marijuana between marijuana licensees may not be deemed to result in undue influence or adverse impact to public health and safety.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.