

SENATE BILL REPORT

SB 5201

As of February 4, 2019

Title: An act relating to authorizing marijuana retailers to sell certain products and merchandise.

Brief Description: Authorizing marijuana retailers to sell certain products and merchandise.

Sponsors: Senators Palumbo, Rivers and Mullet.

Brief History:

Committee Activity: Labor & Commerce: 1/31/19.

Brief Summary of Bill

- Authorizes licensed marijuana retail outlets to sell marijuana merchandise, cannabidiol products, and other products not intended for consumption.
- Requires the Liquor and Cannabis Board to establish marketing standards to ensure products are not intended to appeal to minors or otherwise encourage marijuana use by minors.

SENATE COMMITTEE ON LABOR & COMMERCE

Staff: Richard Rodger (786-7461)

Background: The Liquor and Cannabis Board (LCB) regulates the products marijuana retailers sell, and the LCB must fine licensed marijuana retailers \$1,000 for each violation.

Licensed marijuana retailers are limited in what products or services they may sell to adults age twenty-one and over. Marijuana retailers are authorized to sell only:

- useable marijuana;
- marijuana-infused products;
- marijuana concentrates; and
- paraphernalia intended for the storage of marijuana products.

Marijuana retailers with a medical marijuana endorsement allow that business to sell marijuana products or provide marijuana products, in its discretion, free of charge to qualified patients and their designated providers.

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.

The term cannabinoid encompasses a wide variety of organic compounds derived from the cannabis plant, and CBD is one type of cannabinoid. In its purest form, CBD contains either little or no tetrahydrocannabinol (THC), which is the cannabis-derived psychoactive compound that causes euphoric effects in marijuana products. CBD with a THC content of 0.3 percent or less does not meet the statutory definition of marijuana, and is therefore not considered a controlled substance.

Licensed marijuana producers and processors may use CBD as an additive for any authorized marijuana product, provided the CBD product is lawfully produced by, or purchased from, a licensed producer or processor. The producers and processors may also use CBD products obtained outside the LCB regulatory system, provided the CBD product: (1) has a THC level of 0.3 percent or less on a dry weight basis; and (2) has been tested for contaminants and toxins by an accredited, licensed testing laboratory.

Summary of Bill: Licensed marijuana retailers may sell marijuana merchandise, CBD products, and other products not intended for consumption.

The term "marijuana merchandise" is defined as wearable apparel that serves to promote or advertise the retail outlet, or a product line sold by the retail outlet, that has labeling affixed to the wearable apparel that includes (1) the retail outlet's name, logo, or other symbol associated with the retail outlet; or (2) a name, logo, or other symbol associated with a product line sold by the retail outlet.

Retail outlets may sell any CBD product obtained from (1) a licensed marijuana producer and processor, or both; or (2) a manufacturer who sells and markets its product outside of the LCB regulatory framework.

The LCB must establish retail product design and marketing standards to ensure products sold by licensed marijuana retailers are not intended to appeal to minors or otherwise encourage marijuana use by minors.

Appropriation: None.

Fiscal Note: Available.

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

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The bill simply lets retailers sell things like tee-shirts with their logo on it. The bill does not have anything to do with kids getting access to marijuana products, it is just merchandising the store. The CBD products is supported in the federal farm bill. We need to remain competitive within the industry. The non-license holders can already sell the merchandise and CBD products on the market and we should also be afforded that opportunity. The bill will be great for our industry and treat us just like any other legal business in the way of branding and building a customer base. It will also allow us to sell beauty products containing CBD that other non-marijuana retailers can currently sell. Probably 50 percent of the marijuana retailers are under water and this bill

will help them to sell more products. Our customers are confused about why we can not sell these products.

CON: The advertising and merchandising of marijuana products has a negative effect on children whether it is intended or not. We know this from our experience with alcohol and don't think we should go there with marijuana.

OTHER: We have concerns about being forced to investigate a variety of types of complaints about whether product is over or under the 0.3 percent THC level. Things that are not intended for consumption, but are consumed include things like synthetic marijuana spice. The visibility of marijuana products and businesses provide more exposure to youth in impacting, potentially social norms and perceptions of harm by youth around these products.

Persons Testifying: PRO: Senator Guy Palumbo, Prime Sponsor; Brooke Davies, Washington CannaBusiness Association; Jim Mullen, The Herbery; Eric Gaston, CORE; Logan Bowers, CORE.

CON: Seth Dawson, Washington Association for Substance Abuse and Violence Prevention.

OTHER: Chris Thompson, Liquor and Cannabis Board.

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