

SENATE BILL REPORT

SB 6057

As Passed Senate, February 18, 2020

Title: An act relating to price differentials in the sale of marijuana.

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

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

Brief History:

Committee Activity: Labor & Commerce: 1/23/20, 1/28/20 [DP].

Floor Activity:

Passed Senate: 2/18/20, 36-12.

Brief Summary of Bill

- Prohibits licensed marijuana businesses from discriminating in the price of marijuana sold to other licensees, except when based on certain bona fide business factors.

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass.

Signed by Senators Keiser, Chair; Conway, Vice Chair; King, Ranking Member; Braun, Saldaña, Schoesler, Stanford, Walsh and Wellman.

Staff: Richard Rodger (786-7461)

Background: Marijuana producers, processors, and retailers are prohibited from making sales of any marijuana or marijuana product, if the sale of the marijuana or marijuana product is conditioned upon the buyer's purchase of any service or nonmarijuana product.

Liquor manufacturers are prohibited from discriminating in price when selling to any purchaser who will resell the product, unless the sale is based on certain authorized bona fide business factors.

Summary of Bill: Licensed marijuana businesses are prohibited from discriminating in the price of marijuana sold to other marijuana licensees, except when based on bona fide

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business factors. The business factors may include 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. These factors may not be unlawful under trade regulation laws applicable to goods of all kinds.

The authorized price differentials are not conditional sales and may not be deemed to result in undue influence or have an adverse impact to public health and safety.

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 applies to wholesale transactions by marijuana producers and processors to marijuana retail outlets. It allows the cannabis business to use the trade practices common in other industries. It allows voluntary discounts based on bona fide business factors. The bill will help small and rural businesses, create more incentives for retailers to place larger orders, and lower costs consumers. Small farmers are severely limited in the ability to sell their products.

CON: While we are not opposed to the principle of the bill; however, we are concerned that it has the potential to exacerbate the existing problems between large and small businesses. Small businesses are being consolidated and bought out by the bigger operators. The industry is already a very controlled, highly regulated, and closed market place and the new policy might have unintended consequences.

OTHER: Our industry is divided on this issue. Some large businesses have used volume discounts that were unfair to their competitors. We are concerned on how the bill could impact small producers.

Persons Testifying: PRO: Thomas Werth, Chief Executive, Top Shelf Cannabis; Kyle Capizzi, Executive Director, Craft Cannabis Coalition; Ian Eisenberg, Uncle Ike's; Eric Gaston, Craft Cannabis Coalition; Chris Marr, Chris Marr Government Affairs.

CON: Micah Sherman, Raven.

OTHER: Jeremy Moberg, President, Washington Sungrowers Association.

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