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## Regulated Substances & Gaming Committee

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### HB 2334

**Brief Description:** Transferring certain cannabis licensing activities to the department of agriculture.

**Sponsors:** Representatives Reeves, Walen, Morgan, Chapman and Cheney.

#### Brief Summary of Bill

- Transfers the responsibilities of the Liquor and Cannabis Board for the regulation and licensing of the production, processing, and testing of cannabis and cannabis products to the Department of Agriculture.

**Hearing Date:** 1/18/24

**Staff:** Matt Sterling (786-7289).

#### Background:

The Liquor and Cannabis Board (LCB) regulates and licenses the production, processing, testing, packaging, transportation, distribution, sale, and advertising of cannabis and cannabis products. Broadly, the LCB's responsibilities include:

- creating a legal framework for a commercial cannabis market, including laboratory testing of products, labeling, security and safety, and other areas;
- establishing licenses and requirements for licensees for cannabis producers, processors, and retailers;
- establishing rules for the three tiers of cannabis producer licenses based on the square footage of the production facility;
- establishing distance restrictions for licensing of cannabis businesses in relation to specific

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- entities;
- establishing restrictions on cannabis advertising;
- taxing cannabis sales; and
- dedicating funding from cannabis taxes for healthcare, prevention, research, and the general fund.

Some of the responsibilities for the Director of Agriculture (Director) relate to the production, distribution, and sale of agricultural commodities and how those are impacted by the development of markets for agricultural products, state and federal cooperative marketing programs, land utilization for agricultural purposes, water resources, transportation, and farm labor. The director administers and enforces the Washington Pesticide Application Act and the Washington Pesticide Control Act concerning the formulation, distribution, storage, transportation, use, and disposal of pesticides and the dissemination of accurate scientific information relating to the proper use of any pesticide. Other responsibilities of the Director include:

- promoting the economic and efficient distribution of farm products;
- assisting producers and consumers in establishing economic and efficient methods of distribution;
- promoting more direct business relations by organizing cooperative societies of buyers and sellers; and
- reducing the cost and waste in the distribution of farm products.

The Department of Agriculture (Department) is responsible for the regulation of the production and testing of hemp. The Department is also responsible for establishing:

- cannabis testing laboratory quality standards that include approved methods for testing cannabis for compliance with product standards; and
- standards for cannabis and cannabis products, and the certification of producers and processors, to be consistent with the federal Organic Foods Production Act.

### **Summary of Bill:**

All powers, duties, and functions of the LCB relating to the licensing and regulation of the production, processing, and testing of cannabis and cannabis products are transferred to the Department. All records, equipment, software, and tangible property in the possession of the LCB pertaining to the powers, functions, and duties related to the licensing and regulation of the production, processing, and testing of cannabis and cannabis products are provided to the Department. Any appropriations made to the LCB for carrying out the licensing and regulation of the production, processing, and testing of cannabis and cannabis are transferred and credited to the Department.

Any uncertainty about the allocation of any funds, records, software, or other tangible property used or held by the LCB and used for the licensing and regulation of the production, processing, and testing of cannabis and cannabis products is determined by the Director of the Office of

Financial Management.

All rules and pending business before the LCB relating to the licensing and regulation of the production, processing, and testing of cannabis on July 1, 2025, are continued and acted upon by the Department. All existing contracts and obligations of the LCB remain in full force and are performed by the Department.

**Appropriation:** None.

**Fiscal Note:** Requested on January 16, 2024.

**Effective Date:** The bill takes effect on July 1, 2024.