

HOUSE BILL REPORT

SSB 5376

As Reported by House Committee On:
Regulated Substances & Gaming
Appropriations

Title: An act relating to the sale of cannabis waste.

Brief Description: Allowing the sale of cannabis waste.

Sponsors: Senate Committee on Labor & Commerce (originally sponsored by Senators Stanford, Rivers, Keiser, Saldaña and Wilson, C.).

Brief History:

Committee Activity:

Regulated Substances & Gaming: 2/14/24, 2/19/24 [DPA];
Appropriations: 2/22/24, 2/26/24 [DPA(RSG)].

Brief Summary of Substitute Bill
(As Amended by Committee)

- Permits a licensed cannabis producer or licensed cannabis processor to sell solid waste generated during cannabis production or processing under certain conditions.

HOUSE COMMITTEE ON REGULATED SUBSTANCES & GAMING

Majority Report: Do pass as amended. Signed by 11 members: Representatives Kloba, Co-Chair; Wylie, Co-Chair; Stearns, Vice Chair; Chambers, Ranking Minority Member; Robertson, Assistant Ranking Minority Member; Caldier, Cheney, Morgan, Orwall, Reeves and Waters.

Staff: Matt Sterling (786-7289).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

The Liquor and Cannabis Board (LCB) licenses cannabis businesses in Washington and regulates activities related to cannabis. A licensed cannabis producer may produce, harvest, trim, dry, cure, and package cannabis into lots for sale at wholesale to cannabis processor licensees and to other cannabis producer licensees. A licensed cannabis processor may process, dry, cure, package, and label usable cannabis, cannabis concentrates, and cannabis-infused products for sale at wholesale to retailers and other cannabis processors.

Cannabis Waste Disposal.

The LCB rules require solid wastes, liquid wastes, and wastewater generated during cannabis production and processing to be stored, managed, and disposed of in compliance with the LCB rules and applicable state and local laws and regulations. Methods of disposal are different based on the type of waste and whether the waste is designated as dangerous and must be disposed of pursuant to the Hazardous Waste Management Act (HWMA). The waste generator is responsible for evaluating their waste to determine if it is designated dangerous waste. Waste that must be evaluated against dangerous waste regulations include:

- waste from cannabis flowers, trim, and solid plant material used to create an extract;
- waste solvents used in the cannabis process;
- discarded plants, spent solvents, and laboratory waste from any cannabis processing or quality assurance testing; and
- cannabis extract that fails to meet quality testing.

Cannabis waste that is not designated as dangerous waste must be rendered unusable prior to disposal by grinding and incorporating the waste with other specified ground materials so the resulting mixture is at least 50 percent noncannabis waste by volume. The LCB may approve other methods to render cannabis waste unusable. After the waste is rendered unusable, it must be properly disposed of at a permitted facility with approval of the jurisdictional health department, and a record must be kept of the final destination of the cannabis waste.

Hazardous Waste Management Act.

The HWMA requires dangerous waste generators to properly dispose of waste at approved dangerous waste management sites and facilities. Persons who generate dangerous waste are responsible for identifying their wastes as such, based on characteristics including the waste's corrosiveness, ignitability, toxicity, and reactivity. Dangerous wastes is defined as any discarded, useless, unwanted, or abandoned substances, including, but not limited to certain pesticides, or any residues or containers of such substances which are disposed of in such quantity or concentration as to pose a substantial present or potential hazard to human health, wildlife, or the environment. Hazardous waste is defined as all dangerous and extremely hazardous waste, including substances composed of both radioactive and hazardous components.

Summary of Amended Bill:

Cannabis Waste Disposal.

Cannabis waste is defined as solid waste that is generated during cannabis production or processing that has a tetrahydrocannabinol (THC) concentration of 0.3 percent or less and does not apply to hemp or industrial hemp.

A licensed cannabis producer and a licensed cannabis processor may sell cannabis waste to a person not licensed by the LCB if:

- the cannabis waste would not be designated as dangerous or hazardous waste under the HWMA or the cannabis waste disposal rules adopted by the LCB;
- the licensee notifies the LCB and the Department of Agriculture (AGR) before the sale, and the notice includes information about the quantity and sale price of the cannabis waste as well as the name of the entity that acquired the cannabis waste; and
- the licensee makes all sales of cannabis waste available to the public on an equal and nondiscriminatory basis.

Cannabis waste not sold by a licensed producer or processor must be rendered unusable before leaving a licensed producer, processor, or laboratory.

Amended Bill Compared to Substitute Bill:

The amended bill requires licensed cannabis producers and processors to comply with the following additional requirements to sell any cannabis waste. Licensed cannabis producers and processors must:

- include information in the notice provided to the LCB and AGR about the quantity and sale price of the cannabis waste, and the name of the entity that acquired the cannabis waste; and
- make all sales of cannabis waste available to the public on an equal and nondiscriminatory basis.

The amended bill also clarifies that nothing prohibits licensed cannabis producers and processors from selling cannabis waste to a person who is not licensed by the LCB if certain requirements for the transfer are satisfied.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) It is in the best interest of cannabis producers and processors to extract out

every bit of cannabinoids in cannabis waste, so the industry would not want to leave any cannabinoids in the waste. The industry is not going to be disposing of valuable cannabinoid products and an amendment to clarify that the product cannot be used to make THC products would be fine. Licensees should not be selling any cannabis below acquisition cost, but they currently must pay to dispose of this cannabis waste. It would be helpful to be able to give away cannabis waste rather than just being authorized to sell it. The Legislature passed a bill to divert 75 percent of organic material from landfills because it creates methane gas. According to wholesale revenues, cannabis is the fourth highest revenue crop in Washington, so there are a lot of farms that could benefit from this bill. Each producer generates between 500 to 1,000 pounds of green waste a week during harvest season. Currently, cannabis waste must be ground and then combined with kitty litter which just adds more waste to landfills. Changes should be made to get rid of this waste as easily as possible and get it to someone who may want to recycle it into hempcrete, hemp fiber, compost, or for other purposes. There is unanimous industry support of this legislation along with support from Zero Waste Washington. The plant material has been tested during harvesting and it always stays well below the 0.3 percent THC threshold. This material can be used for anything that hemp is used for in sustainable building materials.

(Opposed) None.

Persons Testifying: Lukas Hunter, Harmony Farms; Vicki Christophersen, Washington CannaBusiness Association; Heather Trim, Zero Waste Washington; and Caitlein Ryan, The Cannabis Alliance

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended by Committee on Regulated Substances & Gaming. Signed by 29 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Corry, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Connors, Assistant Ranking Minority Member; Couture, Assistant Ranking Minority Member; Berg, Callan, Chopp, Davis, Fitzgibbon, Harris, Lekanoff, Pollet, Riccelli, Rude, Ryu, Sandlin, Schmick, Senn, Simmons, Slatter, Springer, Stokesbary, Stonier, Tharinger and Wilcox.

Staff: Matt Mazur-Hart (786-7139).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Regulated Substances & Gaming:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Under current policy a lot of cannabis waste is sent directly to landfills. Even though the bill has some staffing costs from the Liquor and Cannabis Board (LCB) associated with it, this policy is well worth the cost of those staff. Two years ago the Legislature passed Engrossed Second Substitute House Bill 1799, which aimed to get more organic material out of landfills because it can create methane gas. This bill would get more of this organic material out of the landfills and provide another source of income for the growers. This material is great for compost and could be used to grow fungi, and this bill will significantly increase the sustainability of cannabis farms. The bill could also allow the cannabis industry to join the carbon market.

The fiscal note submitted by the LCB overestimates the number of staff they should need to implement this bill, even though that was the level of staffing funded in the Senate budget. The LCB is already doing enforcement activities related to cannabis waste now, so that should not change much if this bill were to pass. They could probably meet the requirements of the bill within existing resources without any new funding for staff.

(Opposed) None.

Persons Testifying: Lukas Hunter, Harmony Farms; Heather Trim, Zero Waste Washington; Andrew Darnell, Dewey Scientific; and Brooke Davies, Washington CannaBusiness Association.

Persons Signed In To Testify But Not Testifying: None.