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## Regulated Substances & Gaming Committee

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### HB 1083

**Brief Description:** Concerning terms of payment for cannabis retailers.

**Sponsors:** Representatives Robertson, Rule and Ryu.

#### Brief Summary of Bill

- Authorizes a contract between a cannabis processor and a cannabis retailer for the purchase and sale of cannabis products to allow the retailer to tender full or final payment to the processor on a date after the products are delivered or received if such full or final payment is within 15 calendar days of the delivery or receipt of the products.

**Hearing Date:** 1/10/23

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

#### Background:

The Washington Liquor and Cannabis Board (LCB) regulates cannabis producers, processors, and retailers. The LCB issues the following commercial cannabis licenses: (1) cannabis producer license; (2) cannabis processor license; and (3) cannabis retailer license. A licensed cannabis producer may also be a licensed cannabis processor. Licensed cannabis producers may also produce cannabis for sale at wholesale to cannabis processors and other cannabis producers. However, neither a licensed cannabis producer nor a cannabis processor may have a direct or indirect financial interest in a licensed cannabis retailer.

Licensed cannabis processors may process, package, and label cannabis concentrates, useable cannabis, and cannabis-infused products for sale at wholesale to cannabis processors and

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cannabis retailers. Through rules, the LCB regulates what methods of payment may be made by a licensed cannabis producer, processor, or retailer when purchasing cannabis products. Pursuant to the LCB's rules, a cannabis licensee must pay cash for cannabis prior to, or at the time of, delivery. The LCB recognizes the following forms of payment as cash payment, subject to certain requirements: (1) checks; (2) credit/debit cards; (3) electronic funds transfer; (4) prepaid accounts; and (5) transactions using a money transmitter.

The LCB rules provide that no cannabis producer or processor may provide any gifts, discounts, loans of money, premiums, rebate, or free products to a cannabis licensee. The LCB rules also provide that any transaction reported as having nonsufficient funds (NSF) will be considered an extension of credit. Under LCB rules, if a transaction is reported as having NSF, the purchaser must pay the full amount of the transaction to the seller by 3:00 p.m. on the first business day following receipt of the NSF report. The LCB rules also stipulate that until the NSF transaction is paid, the cannabis licensee that received the NSF transaction will not deliver any cannabis to the purchaser and the purchaser may not receive additional cannabis from any other cannabis licensee.

**Summary of Bill:**

A contract between a cannabis processor and a cannabis retailer for the purchase and sale of cannabis products may allow the cannabis retailer to tender full or final payment to the cannabis processor on a date after the date the cannabis products are delivered to, or received by, the cannabis retailer. However, any contract that provides for payment after the date the cannabis products are delivered or received must require the cannabis retailer to tender full or final payment to the cannabis processor on a date within 15 calendar days of the date the cannabis products are delivered to, or received by, the cannabis retailer.

The authorization of payments after the receipt of cannabis products and the requirement that such payment is made within 15 days of the delivery of such cannabis products applies to contracts entered or renewed on or after the effective date of the act.

**Appropriation:** None.

**Fiscal Note:** Requested on January 3, 2023.

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