

SENATE BILL REPORT

SSB 5376

As Amended by House, February 29, 2024

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: Labor & Commerce: 1/30/23, 1/31/23 [DPS-WM].
Ways & Means: 2/13/23, 2/20/23 [DPS (LC)].

Floor Activity: Passed Senate: 1/17/24, 48-0.
Passed House: 2/29/24, 94-2.

Brief Summary of First Substitute Bill

- Permits a licensed cannabis producer and licensed cannabis processor to sell specified solid waste generated during cannabis production or processing under certain conditions.
- Provides that unsold cannabis waste must be rendered unusable before leaving the premises of a licensee.

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: That Substitute Senate Bill No. 5376 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

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

Staff: Madeline Ralstin (786-7356)

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.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5376 as recommended by Committee on be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Robinson, Vice Chair, Operating & Revenue; Mullet, Vice Chair, Capital; Wilson, L., Ranking Member, Operating; Gildon, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Rivers, Assistant Ranking Member, Capital; Warnick, Assistant Ranking Member, Capital; Billig, Boehnke, Braun, Conway, Dhingra, Hasegawa, Hunt, Keiser, Muzzall, Nguyen, Pedersen, Saldaña, Torres, Van De Wege, Wagoner and Wellman.

Staff: Corban Nemeth (786-7736)

Background: License Authorizations. The Liquor and Cannabis Board (LCB) licenses cannabis businesses in Washington. A cannabis producer licensee 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 cannabis processor licensee may process, dry, cure, package, and label usable cannabis, cannabis concentrates, and cannabis-infused products for sale at wholesale to cannabis processors and retailers.

Cannabis Waste Disposal Rules. Current LCB rules outline the methods by which solid and liquid wastes generated during cannabis production and processing must be stored, managed, and disposed of. The methods differ based on the type of waste and whether the waste is designated as dangerous under the Hazardous Waste Management Act (HWMA). The waste generator is responsible for evaluating their waste to determine if it is designated dangerous waste. Some of the wastes that must be evaluated against the 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 plant waste, and cannabis extract that fails to meet quality testing.

Cannabis waste that does not designate as dangerous waste must be rendered unusable by grinding and incorporating the waste with other specified ground materials so the resulting mixture is at least 50 percent non-cannabis waste by volume. 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.

Hazardous Waste Management Act. In implementing the HWMA, the Department of Ecology (Ecology) 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 means 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 means and includes all dangerous and extremely hazardous waste, including substances composed of both radioactive and hazardous components.

Summary of First Substitute Bill: Cannabis waste means solid waste generated during cannabis production or processing that has a THC concentration of 0.3 percent or less, and does not include hemp or industrial hemp.

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

- the cannabis waste would not be designated as dangerous or hazardous waste under the HWMA and any relevant rules adopted by Ecology and cannabis waste disposal rules adopted by LCB; and
- the licensee notifies LCB and the Washington State Department of Agriculture before the sale.

Cannabis waste not sold in accordance with relevant laws must be rendered unusable before leaving a licensed producer, processor, or laboratory. LCB may adopt rules to implement the bill.

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 on Original Bill (Labor & Commerce): *The committee recommended a different version of the bill than what was heard.* PRO: The cannabis industry has quite the waste stream and this bill tackles the organic portion of that. Currently, cannabis waste has to be rendered unusable and disposed of in a landfill. We want to pave the way for more composting and more use of the fiber content. We are at a place where we know what is in the waste and how to handle it. Stems that have to be ground up and rendered useless have beneficial fiber uses. It is currently arduous to handle cannabis wastes and being able to sell this waste would significantly benefit our cultivators. Our farm produces north of 1000 pounds of biomass and we have to pay employees to render this waste unusable and dispose of it. Why are we required to mix organic matter with kitty litter to then put it in a landfill?

Persons Testifying (Labor & Commerce): PRO: Senator Derek Stanford, Prime Sponsor; Jason Lammers, The Cannabis Alliance; Ezra Eickmeyer, Producers NW; Douglas Henderson; Vicki Christophersen, Washington CannaBusiness Association; Heather Trim, Zero Waste Washington; Lukas Hunter, Harmony Farms.

Persons Signed In To Testify But Not Testifying (Labor & Commerce): OTHER: Kimberly Goetz, Department of Ecology, Hazardous Waste & Toxics Reduction Program.

Staff Summary of Public Testimony on First Substitute (Ways & Means): PRO: This will create efficiencies and economic opportunities to producers. Right now, the product must be destroyed on camera before it is disposed of. There are more environmentally sound ways to deal with product, and potential revenue sources for producers that are struggling. Material above 0.3 percent is already regulated by LCB. This bill is about material that is below that threshold for hemp, which LCB does not have jurisdiction over. This bill should reduce LCB costs by reducing the need for enforcement on plant waste that no longer fits the agency mandate. The process of checking on plant waste compliance before it exits the traceability system is already part of the current process and should not require additional compliance action.

Persons Testifying (Ways & Means): PRO: Caitlein Ryan, THE CANNABIS ALLIANCE; Vicki Christophersen, Washington CannaBusiness Association.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.

EFFECT OF HOUSE AMENDMENT(S):

- Requires licensed cannabis producers and processors to comply with the following requirements to sell any cannabis waste:
 1. include information in the notice provided to the Liquor and Cannabis Board and Department of Agriculture about the quantity and sale price of the cannabis waste and the name of the entity that acquired the cannabis waste; and
 2. make all sales of cannabis waste available to the public on an equal and nondiscriminatory basis
- Clarifies that nothing prohibits cannabis producers and processors from selling cannabis waste to a person who is not licensed by the Liquor and Cannabis Board if certain requirements for the transfer are satisfied.