
**Agriculture & Natural Resources
Committee**

HB 1941

Brief Description: Authorizing agricultural cooperatives for cannabis producers.

Sponsors: Representatives Morgan, Wylie, Reed, Parshley, Doglio and Hill.

Brief Summary of Bill

- Authorizes licensed cannabis producers to form agricultural associations.

Hearing Date: 2/18/25

Staff: Rebecca Lewis (786-7339).

Background:

Consumer Protection Act.

The Consumer Protection Act (CPA) prohibits contracts, combinations, and conspiracies in restraint of trade or commerce. The CPA also makes it unlawful to monopolize, or attempt to monopolize, or to combine or conspire with other persons to monopolize any part of trade or commerce. However, an agricultural exemption provides that nothing in the CPA prohibits the existence and operation of agricultural organizations instituted for the purposes of mutual help, and not having capital stock or conducted for profit, or forbids or restrains individual members of agricultural organizations from lawfully carrying out the legitimate objects of the organizations.

Agricultural Associations.

Additional authorization exists for agricultural associations (Associations) which are informal or formal groups or entities created by farmers, planters, ranchers, dairy farmers, nut growers, or

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fruit growers to engage in activities such as setting prices or coordinated marketing. Associations may have marketing agencies in common and may enter into contracts or agreements. Associations must be operated for mutual benefit of all of the members. No member of an association is allowed more than one vote due to the amount of stock or membership capital he or she may own. Associations may not pay dividends on stock or membership capital in excess of 8 percent per year. Associations may not deal in the products of nonmembers to an amount greater in value than such as are handled by it for members. The Attorney General may bring a complaint against an association if he or she has reason to believe that an association has monopolized or restrained trade to an extent that the price of their agricultural product has been unduly enhanced.

Licensed Cannabis Producers.

The Liquor and Cannabis Board (LCB) issues cannabis licenses in Washington. A cannabis producer license authorizes a licensee to produce, harvest, trim, dry, cure, and package cannabis into lots for sale at wholesale to cannabis processors and other cannabis producers. A cannabis producer may produce and sell:

- cannabis plants, seeds, and plant tissue culture to other cannabis producer licensees; and
- immature cannabis plants or clones and seeds for sale to cooperatives, qualifying patients, designated providers, and licensed cannabis researchers.

A cannabis producer license is subject to an application fee of \$250, and the license must be renewed annually, with an annual fee of \$1,381. A separate license is required for each location at which a cannabis producer intends to produce cannabis.

Summary of Bill:

Licensed cannabis producers may form agricultural associations, corporate or otherwise, to engage in certain business activities including collectively processing, handling, or marketing their products. For the purposes of licensed cannabis producers forming agricultural associations only, cannabis is considered an agricultural product.

Appropriation: None.

Fiscal Note: Not requested.

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