

# SENATE BILL REPORT

## ESSB 6542

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As Passed Senate, March 8, 2014

**Title:** An act relating to establishing the state cannabis industry coordinating committee.

**Brief Description:** Establishing the state cannabis industry coordinating committee.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senator Kohl-Welles).

**Brief History:**

**Committee Activity:** Ways & Means: 3/03/14 [DPS, DNP, w/oRec].

Passed Senate: 3/08/14, 40-8.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 6542 be substituted therefor, and the substitute bill do pass.

Signed by Senators Hill, Chair; Baumgartner, Vice Chair; Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Ranker, Assistant Ranking Member on the Operating Budget; Bailey, Billig, Conway, Fraser, Frockt, Hasegawa, Hatfield, Kohl-Welles, Parlette, Rivers and Tom.

**Minority Report:** Do not pass.

Signed by Senators Honeyford, Capital Budget Chair; Padden.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Becker, Braun, Dammeier, Hewitt and Schoesler.

**Staff:** Steve Jones (786-7440)

**Background:** In 2012 the voters of the state approved Initiative Measure No. 502, establishing a new regulatory and licensing structure for businesses related to the purchase and use of marijuana.

**Summary of Engrossed Substitute Bill:** A temporary State Cannabis Industry Coordinating Committee is established to develop a state comprehensive plan to identify and coordinate cannabis-related business opportunities, develop a method to assess the economic impact of the industry, examine any relevant changes in federal law, examine issues relevant to medical marijuana, recommend options for distributing tax revenue from marijuana, and recommend

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a financial system that best implements the marijuana marketplace consistent with federal law and guidance.

The committee includes the following:

- two members of the Senate;
- two members of the House of Representatives;
- one representative of the departments of Health, Commerce, Revenue, Agriculture, and Financial Institutions, the State Treasurer's Office, and the Liquor Control Board, to be appointed by the Governor;
- seven members representing medical marijuana patients, providers, producers, processors, and retailers, to be appointed by the Governor;
- two representatives of Association of Washington Cities and the Association of Counties; and
- nine industry stakeholders appointed by the Governor.

The committee must establish a medical marijuana subcommittee to make recommendations on issues relating to the production, processing, retail sale, and taxation of medical marijuana. Other subcommittees may be established. All meetings are subject to the state Open Public Meetings Act.

Staff support to the committee is provided by Senate Committee Services, the House of Representatives Office of Program Research, and the represented state agencies.

Preliminary recommendations of the committee are due by December 15, 2014, and a final report by January 10, 2016. The legislation expires January 31, 2016.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** Yes.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: This bill will promote economic opportunities and new industries, create jobs, and help small businesses such as food processors, farmers' markets, hemp producers, etc. We need specialized policy recommendations from experts. The current legal environment is shaky. This committee will explore differences in the medical market and the cannabis market. Positive policy choices should be maximized, with many new products coming to market. This committee will bring the industry to the table and is a very good next step to examine these new economic opportunities.

CON: This committee is a waste of resources and will be pre-empted by federal law. The membership of the committee is inappropriate. The federal tax code will not allow businesses to deduct their business expenses. This is a false solution. Congress needs to act to re-schedule cannabis before there can be any legitimate business opportunities. The needs of the medical marijuana community are not being addressed.

OTHER: State agencies should serve in the capacity of support staff, not as members of this committee.

**Persons Testifying:** PRO: Senator Kohl-Welles, prime sponsor; Ezra Eikmeyer, WA Cannabis Assn.; Tyler J. Markwart, Allele Seeds Research; Kari Boiter, Cannabis Basics; Candice Bock, Assn. of WA Cities; Allison Bigelow, Kevin Heiderich, citizens.

CON: Steve Sarich, Cannabis Action Coalition; Arthur West, John Worthington, John Novack, Brian Stone, citizens.

OTHER: Patrick Seifert, Rainier Xpress; Randy Gordon, citizen.