



# 2017 Marijuana Legislation and Upcoming Rules

**Joanna Eide**

Policy and Rules Coordinator / Tribal Liaison



# Housekeeping Items

- Attendees are muted for this presentation.
- To view the presentation on your full screen, click the diagonal double-headed arrow in the white bar.
- To return to the screen with the Q&A section, click the “Return” button at the top center of your screen on the menu that appears when you hover over the blue area.
- Entire presentation will be given before Q&A.
- Submit your questions in the Q&A section on your screen by typing them in and hitting “Enter.”
- Questions will be answered as time allows.
- All questions not answered will be answered in writing, and emailed to all attendees.



# Overview

- 2017 Marijuana Bills that Passed the Legislature
- Rulemaking impacts due to Legislative changes
- Current rulemaking
- Question and Answer



# 2017 Marijuana Bills Passed

- **HB 1250** – Lockable drug boxes
- **SHB 1462** – Adding authority to the WSDA to regulate sanitary processing of marijuana-infused edibles
- **SB 5130** – Increasing marijuana license fees and adding a temporary additional fee on marijuana license
- **ESSB 5131** – Marijuana Omnibus Bill



# HB 1250 - Lockable Drug Box

Effective July 23, 2017

- Allows retailers to receive donated lockable drug boxes and literature to give away to customers.
- Allows retailers to buy and sell lockable drug boxes, but cannot sell below cost of acquisition.



## Lockable Drug Box - Continued

- Prohibits selling lockable drug boxes received by donation.
- Retailers may not use the donation of lockable boxes or literature as incentives or as a condition of a recipient's purchase of marijuana or paraphernalia.



# Lockable Drug Box - Continued

- Why was this bill needed?
  - Retailers may only sell marijuana, marijuana products, and paraphernalia under the current law
  - Giveaways are currently prohibited
  - Prevention Community wanted to be able to promote safe storage, but did not want it used as a promotion



# SHB 1462 – WSDA Edibles Regulation

Effective April 1, 2018

- Endorsement needed for each processor license.
- Requires WSDA to regulate marijuana edible processing the same as other food processing.
- WSDA will coordinate with WSLCB and DOH to make rules to regulate marijuana-infused edibles.
- Requires a penalty schedule to be in the rules.
- WSDA will notify the WSLCB on any violations made and the WSLCB will issue violations accordingly.





## WSDA Edibles Regulation – Continued

- Requires processors that make edibles to obtain a marijuana edible endorsement that must be renewed annually at the same time as WSLCB license renewal.
- Applications for the endorsement will be available through the Department of Revenue's Business Licensing System (BLS).
- The initial application and endorsement fees will be \$895 and the annual renewal fee is \$895.



## **SB 5130 – Marijuana License Fees**

- Applies a nonrefundable one-time additional fee of \$480 on marijuana license applications and renewals where the license expires on or after June 30, 2017.
- Additional fee will be used to replace the state traceability system and ends June 30, 2018.
- All marijuana license fees increase from \$1000 to \$1300 on July 1, 2018.



# ESSB 5131 – Marijuana Omnibus Bill

Effective July 23, 2017

- Allows producers to sell immature plants or clones and seeds to cooperatives, qualifying patients, and designated providers.
  - Board Interim Policy with guidance coming July 12<sup>th</sup>
- Defines “immature plant or clone” as a plant/clone that has no flowers and is less than 12 inches tall and 12 inches in diameter.
- Allows personal transfer of marijuana, but selling, barter, trade, etc. still illegal (Class C felony).



## Marijuana Omnibus - Continued

- Allows persons or entities to hold interests in up to 5 retail licenses.
- Removes prioritization from the license application consideration process.
  - No longer needed since the medical market was absorbed into the regulated market last year
  - Does not impact previously prioritized applications – applies moving forward, not backward.



## Marijuana Omnibus - Continued

- Requires the WSLCB to develop a license forfeiture process for retailers that do not open and become operational within a specified period of time
  - Cannot be less than 9 months
  - Cannot be more than 24 months
  - Exceptions for those in bans/moratoriums or that cannot open for other reasons outside their control
  - Rulemaking is required here – more info to come



## Marijuana Omnibus - Continued

- Adds port authorities and Indian Tribes to the required notifications list for license applications and renewals.
- Prohibits the WSLCB from issuing or renewing a marijuana license located within the boundaries of a reservation of a federally recognized Indian Tribe without express consent of the Tribe.



## Marijuana Omnibus - Continued

- Allows licensing and consulting contracts for goods and services registered as TM, unregistered trademarks, trade names, trade secrets, proprietary information, technology, etc. so long as disclosed to the WSLCB.
- Exempts from public disclosure trade secrets, technology, proprietary info, and financial considerations in contracts / agreements submitted to the WSLCB.



## Marijuana Omnibus - Continued

- Voluntary organic-like certification from WSDA
  - WSDA has to create rules.
  - Rules must include a fee schedule making the program self-sustaining, including any applications, inspections, sampling and testing, notifications, public awareness programs and enforcement.
  - No person can use the certification unless following all rules. Cannot represent, sell, offer for sale products with the certification when the person knows or has reason to know it doesn't meet the requirements.
  - Cannot sell marijuana as an “organic product.”





# Marijuana Omnibus - Continued

- Legislative directed studies:
  - Recreational home grows – Due 12/1/2017
  - Hemp processing for human consumption
- Section 25 of the bill
  - Only applies to the removal of prioritization for licenses and jurisdictional changes for lawsuits brought against the WSLCB
  - Does not “grandfather” anything in existence prior to the bill’s effective date on July 23, 2017



# MJ Omnibus Advertising Restrictions

Effective July 23, 2017

- Ban on all outdoor advertising other than:
  - Two 1600 sq. in. signs on the premises (building or permanent structure)
  - Billboards
  - Outdoor advertisement at an adult only facility with conditions, no longer than 14 days – rulemaking required
- Signs/billboards limited to the business or trade name, identifying nature of business, and business location.
- Depictions of plants (leaf, etc.) or products (bud, joint, etc.) are prohibited on outdoor advertising. Other images may be permissible.



## Advertising Restrictions - Continued

- No commercial mascots, inflatables, toys, people holding signs, sign spinners, or people in costume.
- Advertising on or in private or public vehicles is prohibited.
- Advertising placed at, on, or within bus stops, taxi stands, transportation waiting area, train stations, airports, etc., is prohibited.
- No movie, cartoon characters or other depiction or image likely to be appealing to children.



## Advertising Restrictions - Continued

- No advertising or marketing practices that target people out of state.
- All advertisements (including print, internet, radio, etc.) and signs must have text stating products may only be consumed by adults 21 and older.
- Local jurisdictions may pass more restrictive ordinances on advertising, but must enforce them.



# Current/Upcoming Rulemaking

## 2017 Marijuana Legislative Rules – CR-101 July 12th

- Rule changes needed as a result of ESSB 5131, HB 1250
  - License forfeiture process
  - Allowing sales of immature plants/clones and seeds
  - Allowing giveaways of lockable boxes
- Other changes identified by staff, stakeholders, etc.
  - Clarifying consultants, true parties of interest, financiers, pricing issues, other technical changes.
- Rulemaking Schedule will be discussed at the July 12<sup>th</sup> Board meeting and in Board materials available online



# Current/Upcoming Rulemaking Cont'd

## Marijuana Advertising Rules – CR-101 July 12th

- Rules to further define and clarify advertising restrictions from changes in ESSB 5131.
- Will not delay effective date of ESSB 5131 advertising restrictions.
- Rulemaking Schedule will be discussed at the July 12th Board meeting and in Board materials available online.



# Current/Upcoming Rulemaking – Cont'd

## Producers Tiers and License Numbers

- Proposed increase of tier 1 producers from 2,000 sq. ft. to 4,000 sq. ft. maximum.
- Proposal to allow producers to hold interest in up to 3 licenses through assuming existing licenses.
- Other clarifying changes and changes needed resulting from legislation – fencing; violations and renewals; sales of immature plants/clones and seeds to cooperatives, qualifying patients, and designated providers.
- **Public hearing July 12<sup>th</sup>.**



# Current/Upcoming Rulemaking – Cont'd

## Packaging and Labeling Rulemaking

- Taking a global look at packaging, labeling, warnings statements, and related rules
- Work Group – WSLCB, DOH, Industry Groups
- Coordinating with Colorado where feasible
- Expect CR-102 in August/September 2017
- Target completion December 2017
- Effective date of changes TBD – Discussing needs with industry members.





# Recent Rulemaking

- **Lab and Quality Assurance Rules – Effective August 31, 2017**
- **Marijuana Research License Rules**
  - BLS now accepting applications
  - Informational sessions on the license and application process in Shoreline and Ellensburg on July 18th



## Staying Informed

- All bills, laws, and rules available on the Legislature's website
  - [www.leg.wa.gov](http://www.leg.wa.gov)
- Visit the Marijuana webpage -- [www.lcb.wa.gov](http://www.lcb.wa.gov)
  - Interactive dashboard (maps, relevant data, updated weekly)
  - Factsheets
  - FAQs
  - Timelines
- Marijuana and Rulemaking Listserv
- Rulemaking information and public hearings on rules are posted on website and publicized on the Listserv
- [Rules@lcb.wa.gov](mailto:Rules@lcb.wa.gov)



## WSLCB Board Meetings

- Visit the website -- [www.lcb.wa.gov](http://www.lcb.wa.gov) and navigate to **Board Meeting Schedule and Information** (found under About Us, Board Information)
- Information on Board Meeting schedule, agendas for meetings, materials, and links to WebEx for viewing are available



**Questions?**



**Thank you**