

## Summary/AWC comments

HB 2136 is the Legislature's comprehensive marijuana market reform bill and was a major priority for AWC. HB 2136 was signed by Governor Inslee on June 30, 2015. It became effective July 1, 2015.

### HB 2136:

- Instates sales tax exemption for qualifying medical marijuana patients. (This is an exemption for the state and local sales tax but does not include an exemption from the marijuana excise tax.)
- Restructures the marijuana excise tax that collapses the tax into one 37% tax collected at the final retail sale of marijuana products.
- Allows for local flexibility to reduce the current 1,000 foot buffer. Cities can adopt a buffer of between 1,000 and 100 feet from certain uses. The 1,000 foot buffer is still required for schools and playgrounds.
- Allows the Liquor Control Board to contract with local law enforcement for activities to eradicate illegal marijuana production.
- Clarifies "public place" in provisions that prohibit the consumption of marijuana in a public place.
- Modifies marijuana retailer signage requirements.
- Allows a marijuana business to use a common carrier to transport marijuana if the carrier is licensed by the LCB.

### Revenue Sharing:

HB 2136 provides revenue sharing with cities and counties. The revenue sharing is set up as follows:

- **2015-2017:**
  - At least \$12 million is to be provided for distribution to cities and counties in the budget that is adopted for 2015-2017. Of that \$12 million, \$6 million shall be distributed in FY 2016 and \$6 million in FY 2017.
  - In 2015-2017 counties will receive 60% and cities 40%. Distributions will be based on the taxable sales of the jurisdiction. For cities, only jurisdictions that have retail sales will receive funding.

- **2017-2019 and beyond:**

Once the state's General Fund has received \$25 million in marijuana excise tax revenue, then 30% up to a maximum of \$20 million per year will be distributed to cities and counties.

- 30% must be distributed to counties, cities, and towns where licensed marijuana retailers are physically located. Each jurisdiction must receive a share of the revenue distribution under this subsection based on the proportional share of the total revenues generated in the individual jurisdiction from the taxes collected from the licensed marijuana retailers physically located in each jurisdiction.
- Seventy percent must be distributed to counties, cities, and towns ratably on a per capita basis. Counties must receive 60% of the distribution, which must be disbursed based on each county's total proportional

population. Funds may only be distributed to jurisdictions that do not prohibit the siting of any state licensed marijuana producer, processor, or retailer.

- The total share of marijuana excise tax revenues distribute to counties and cities may not exceed fifteen million dollars in fiscal years 2018 and 2019 and twenty million dollars per fiscal year thereafter.