

Washington State Liquor and Cannabis Board

**Issue Paper**

**Marijuana Rules to Implement 2015 Legislation**

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**Description of the Issue**

The purpose of this Issue Paper is to request approval from the Board to file proposed rules (CR 102) to implement 2015 marijuana legislation in **Chapter 314-55 WAC Marijuana Licenses, Application Process, Requirements and Reporting.**

**Why is rule making necessary?**

New rules and revisions to current rules are needed to implement the following legislation that passed during the 2015 legislative session:

- **2ESSHB 2136 Marijuana Market Reform**
- **2SSB 5052 Cannabis Patient Protection Act**

**What changes are being proposed?**

**Amended Section. WAC 314-55-010 Definitions.** Revised definition of “applicant”, “employee”, and “WSLCB”, and added definitions for “cooperative”, “licensed premises”, “medical marijuana”, and “plant”.

**Amended Section. WAC 314-55-015 General information about marijuana licenses.** Changed the name of the board to “WSLCB”. Added language to clarify no one under 21 years of age is allowed to enter or remain on a marijuana licensed premises with the exception in RCW 69.50.357. Added language that a marijuana processor licensed premises where marijuana infused edibles are produced must be constructed, kept, and maintained in a clean and sanitary condition.

**Amended Section. WAC 314-55-018 Prohibited practices – Money advances – contracts – Gifts – Rebates, etc.** Clarified prohibited practices between marijuana licensees. Changed the name of the board to “WSLCB”.

**Amended Section. WAC 314-55-020 Marijuana license qualifications and application process.** Added language regarding posting notices for marijuana applications. Clarifies the priority system for marijuana applications. Changed the name of the board to “WSLCB”.

**Amended Section. WAC 314-55-035 What persons or entities have to qualify for a marijuana license?** Added financiers to the list of true party of interest and clarified a financial institution is not considered a true party of interest. Added language requiring a licensee to disclose any financiers and true parties of interest to the WSLCB. The WSLCB must approve the funds prior to investment in the marijuana business.

**Amended Section. WAC 314-55-040 What criminal history might prevent a marijuana license applicant from receiving or keeping a marijuana license?** Changed the name of the board to “WSLCB”.

**Amended Section. WAC 314-55-045 What marijuana law or rule violation history might prevent an applicant from receiving a marijuana license?** Changed the name of the board to “WSLCB”.

**Amended Section. WAC 314-55-050 Reasons the WSLCB may seek denial, suspension, or cancellation of a marijuana license application or license.** Added language regarding the

allowance of cities or counties to adjust the buffer zone for marijuana licenses by local ordinance. Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-070 Process if the WSLCB denies a marijuana license application?** Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-075 What is a marijuana producer license and what are the requirements and fees related to a marijuana producer license?** Added language requiring an outdoor grow to be physically separated at least 20 feet from another licensed outdoor grow and they cannot share common walls or fences. Removed the maximum amount of plant canopy. This will be imposed at a later date. Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-077 What is a marijuana processor license and what are the requirements and fees related to a marijuana processor license?** Added language to clarify that characterizing flavors for marijuana infused products for inhalation and concentrates for inhalation are prohibited with the exception of flavors related to menthol, wintergreen, mint, or inherent natural flavors or aromas associated with the original strain. Added language that allows a currently licensed producer licensee to add a processor license at the location of their producer license. Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-079 What is a marijuana retailer license and what are the requirements and fees related to a marijuana retailer license?** Changed the name of the board to "WSLCB".

**New Section. WAC 314-55-080 Medical marijuana endorsement.** Created a new rule to clarify the requirements for a medical marijuana endorsement.

**Amended Section. WAC 314-55-081 Who can apply for a marijuana retailer license?** Removed the maximum number of retail licenses at this time. This will be imposed at a later date. Removed the language regarding a lottery. Removed the 30-day application window language. Added language that the board will publish on its website timeframes for retail application submission. Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-082 Insurance requirements.** Clarified additional insured. Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-083 What are the security requirements for a marijuana licensee.** Clarified information required on employee identification badges. Clarified when plants must be physically tagged and tracked individually. Clarified the ID number generated by the traceability system required for all marijuana of any kind to be used to track the product. Removed the language on samples from this rule. Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-084 Production of marijuana.** Added products prohibited for use in the growing of marijuana.

**Amended Section. WAC 314-55-085 What are the transportation requirements for a marijuana licensee?** Added language on who is allowed to transport product. All drivers and/or occupants must be at least 21 years of age. All marijuana, products, and samples must be tagged during transport. Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-086 What are the mandatory signs a marijuana licensee must post on a licensed premises?** Added language indicating mandatory signs for a medical marijuana retailer. Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-087 What are the recordkeeping requirements for a marijuana licensee?** Added examples of employee records. Added records for any marijuana products provided free of charge to qualifying patients or designated providers. Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-089 What are the tax and reporting requirements for marijuana licensees?** Revised the rule to indicate producers and processors are required to submit monthly reports but are not required to pay marijuana excise tax. Changed the amount of marijuana excise tax a retailer must pay. Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-092 What if a marijuana licensee fails to report or pay, or reports or pays late?** Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-095 Marijuana servings and transaction limitations.** Added language addressing serving and transaction limitations for qualifying patients and designated providers who are entered into the medical marijuana database.

**New Section. WAC 314-55-096 Samples.** Moved language on samples from WAC 314-55-083 to this new section. Includes all requirements for samples and transportation of samples. Increased the sample amount.

**Amended Section. WAC 314-55-097 Marijuana waste disposal—Liquids and solids.** Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-099 Standardized scales.** Corrected the WAC reference.

**New Section. WAC 314-55-101 Sampling protocols.** Clarified sampling protocols for marijuana producers, marijuana processors, and certified third-party labs.

**Amended Section. WAC 314-55-102 Quality assurance testing.** Added language regarding action that will be taken by WSLCB against any certified third-party lab that fails to comply with the provisions of this section or falsifies records related to this section. Added language that processors have 30 days after the certified third-party lab submits the results to process the lot. After 30 days the flower lot must be retested. Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-103 Good laboratory practice checklist.** Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-104 Marijuana processor license extraction requirements.** Added additional requirements for extraction equipment and the certification document for the equipment. Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-105 Packaging and labeling requirements.** Added language that hash marks on a bottle of marijuana infused liquor edible product does not qualify as a measuring device. Reorganized the rule to not repeat the accompanying material requirement for each type of product and clearly identified what is required on all labels for each type of marijuana product. Added language for label requirements for packages containing marijuana extract for inhalation or infused marijuana mix and marijuana topicals. Removed the sample label mock ups. Changed the name of the board to "WSLCB".

**New Section. WAC 314-55-110 What are my responsibilities as a marijuana licensee?** Added language to clarify the responsibilities of a marijuana licensee.

**New Section. WAC 314-55-115 What method of payment can a marijuana licensee use to purchase marijuana?** Added language to clarify the forms of payment a marijuana licensee can use to purchase marijuana.

**Amended Section. WAC 314-55-120 Ownership changes.** Added language clarifying accepting additional funds from a new or previously approved financier requires an Added Financier application and fee. Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-130 Change of business name.** Clarified language. Changed the word "you" to "their" in reference to licensees.

**Amended Section. WAC 314-55-135 Discontinue marijuana sales.** Clarified language. Changed the word "you" to "their" in reference to licensees. Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-140 Death or incapacity of a marijuana licensee.** Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-147 What hours may a marijuana retailer licensee conduct sales?** Added marijuana concentrates to items a marijuana licensee may sell.

**Amended Section. WAC 314-55-155 Advertising.** Added language allowing 2 signs identifying the retail outlet by the licensee's business name or trade name. Signs must be affixed to the building or permanent structure. Signs are limited to 1600 square inches each. Added marijuana concentrates to the list of items that must meet the advertising requirements. Branded and unbranded promotional items are banned. Marijuana retailers holding a medical marijuana endorsement may donate product to a qualifying patient or designate provider holding a valid recognition card but they may not advertise "free" or "donated" product.

**Amended Section. WAC 314-55-160 Objections to marijuana license applications.** Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-165 Objections to marijuana license renewals.** Changed the name of the board to "WSLCB".

**New Section. WAC 314-55-185 Does the WSLCB have the right to inspect my premises or vehicle licensed to product, process, sell or transport marijuana?** Created a rule to clarify the rights of WSLCB enforcement officers to inspect licensed premises and vehicles used for transport.

**Amended Section. WAC 314-55-200 How will the WSLCB identify marijuana, useable marijuana, marijuana concentrates, and marijuana infused products during checks of licensed businesses?** Added marijuana concentrates to this rule. Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-210 Will the WSLCB seize or confiscate marijuana, marijuana concentrates, useable marijuana, and marijuana infused products?** Clarified that the WSLCB may destroy in addition to seizing or confiscating marijuana, marijuana concentrates, useable marijuana, or marijuana infused products. Added marijuana concentrates to the list. Added language that an administrative search or inspection could not only take place at a licensed location, but also areas of unlicensed locations used for business or commercial purposes. The WSLCB may destroy any marijuana, marijuana concentrates, useable marijuana, and/or marijuana infused product that is not identifiable through the Washington marijuana traceability system or otherwise in a form that is not compliant with Washington's marijuana statutes or rules. Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-220 What is the process once the WSLCB summarily orders marijuana, useable marijuana, marijuana concentrates, or marijuana infused products of a marijuana licensee to be destroyed?** Added marijuana concentrates and changed the name of the "board" to "WSLCB".

**Amended Section. WAC 314-55-230 What are the procedures the WSLCB will use to destroy or donate marijuana, useable marijuana, marijuana concentrates and marijuana infused products to law enforcement?** Added marijuana concentrates and changed the name of the "board" to "WSLCB".

**New Section. WAC 314-55-301 Transportation license.** Created a new section to clarify the requirements and qualifications for the transportation license.

**New Section. WAC 314-55-410 Cooperatives.** Created a new section to clarify the requirements for a cooperative to be registered with the WSLCB.

**New Section. WAC 314-55-415 What are the recordkeeping and reporting requirements for cooperatives?** Created a new section to clarify the recordkeeping and reporting requirements for cooperatives.

**New Section. WAC 314-55-430 Qualifying patient or designated provider extraction requirements.** Clarified qualifying patients or designated providers may only extract or separate resin from marijuana using noncombustible methods. Accepted methods for extraction are listed in the rule. The use of combustible materials is expressly forbidden.

**Amended Section. WAC 314-55-505 What are the procedures for notifying a licensee of an alleged violation of a WSLCB statute or regulation?** Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-506 What is the process once the WSLCB summarily suspends a marijuana license?** Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-507 How may a licensee challenge the summary suspension of his or her marijuana license?** Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-508 Review of orders on stay.** Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-510 What options does a licensee have once he/she receives a notice of an administrative violation?** Added an option for inventory destruction. Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-515 What are the penalties if a marijuana license holder violates a marijuana law or rule?** Renamed group 4 violations. Added group 5 for violations involving the transportation freight of marijuana. Defined "inventory" for purposed of penalties. Changed the name of the board to "WSLCB".

**Amended Section. WAC 314-55-520 Group 1 violations against public safety.** Group 1 penalties imposed on a producer and/or processor license will not include license suspension. Penalties for a producer and/or processor will be restricted to monetary fines, destruction of inventory, and/or license cancellation. Changed the name of the board to "WSLCB". Revised some penalties from license cancellation on the first penalty to a monetary penalty or suspension.

**Amended Section. WAC 314-55-525 Group 2 regulatory violations.** Group 2 penalties imposed on a producer and/or processor license will not include license suspension. Penalties for a producer and/or processor will be restricted to monetary fines, destruction of inventory, and/or license cancellation.

**Amended Section. WAC 314-55-530 Group 3 license violations.** Group 3 penalties imposed on a producer and/or processor license will not include license suspension. Penalties for a producer and/or processor will be restricted to monetary fines, destruction of inventory, and/or license cancellation.

**Amended Section. WAC 314-55-535 Group 4 marijuana producer and/or processor violations.** Added language to include marijuana processors in this category. Also added processor and transportation licensees in prohibited practices between producer, processor, and transportation licensees and a marijuana retailer.

**New Section. WAC 314-55-537 Group 5 license violations.** Created a new section of penalties for violations involving transportation licensees.

**Amended Section. WAC 314-55-540 Information about marijuana license suspensions.** Removed language that referred to marijuana producer serving a suspension. Suspensions are not an option for producers. Changed the name of the board to "WSLCB".