



Rulemaking Overview

Karen McCall

Senior Rules Coordinator



Agency Responsibilities

LCB

- Incorporate existing dispensaries into regulated market
- Create MMJ endorsement
- Register cooperatives
- Issue new retail licenses

Dept. of Health

- Define what is medical grade marijuana
- Create authorization database
- MMJ Consultant
- Standardized authorization form



Definitions

Revised definition of:

- Applicant
- Employee
- WSLCB

Added definitions for:

- Cooperative
- Licensed premise
- Medical marijuana
- Plant



Qualifications/Application Process

- Added language regarding posting notices for marijuana applications
- Clarified the priority system for new marijuana applications
 - **First priority** - applicants who applied for a marijuana retail license prior to July 1, 2014, operated (or were employed by) a collective garden prior to January 1, 2013, have maintained a state and local business license and have a history of paying state taxes and fees will have first priority.
 - **Second priority** - applicants include those who operated (or were employed by) a collective garden prior to January 1, 2013, have maintained a state and local business license, and have a history of paying state taxes and fees.
 - **Third priority** - applicants are those who have none of the experience identified above.



Qualified Persons/Entities

- Added financiers to the list of true party of interest
- 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



Buffer Zones

- Added language allowing cities or counties to adjust the buffer zone for marijuana licenses by local ordinance
- Local governments can reduce the 1000-foot buffer requirements to 100 feet around all entities except elementary and secondary schools and public playgrounds



Producer Requirements

- Added language requiring an outdoor grow to be physically separated at least 20 feet from another licensed outdoor grow
- Outdoor grows cannot share common walls or fences
- Removed the maximum amount of plant canopy. This will be imposed at a later date



Processor Requirements

- Prohibits characterizing flavors for marijuana infused products for inhalation and concentrates for inhalation
- Exception for menthol, wintergreen and mint flavors, or inherent natural flavors/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



Medical Marijuana Endorsement

- Created a new rule to clarify the requirements for a medical marijuana endorsement, including:
 - Have a consultant on staff in accordance with Department of Health rules
 - Demonstrate the ability to enter qualifying patients and designated providers in the medical marijuana authorization data base
 - Issue recognition cards and enter qualifying patients and designated providers into the data base



Security Requirements

- Clarified required information 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



Serving and Transaction Limits

- Following Department of Health's rules regarding medical marijuana added language addressing serving and transaction limitations for qualifying patients and designated providers:
 - Three oz. of usable marijuana
 - 48 oz. of marijuana-infused product meant to be eaten or swallowed in solid form
 - 21 grams of marijuana-infused extract or marijuana concentrate for inhalation
 - 216 oz. of marijuana-infused product in liquid form meant to be eaten or swallowed



Samples

- Created new section for samples
- Includes all requirements for samples and transportation of samples
- Increased the sample amount for negotiating a sale:
 - Eight grams of usable marijuana
 - Eight units of marijuana infused products/marijuana infused liquid
 - Two units of marijuana infused extract/infused marijuana mix



Sampling Protocols

- Clarified sampling protocols for marijuana producers, marijuana processors, and certified third-party labs
- Samples must be deducted in a way that is most representative of the lot or batch and maintains the structure of the marijuana sample
- Licensees, certified third-party laboratories, and their employees may not adulterate or change in any way the representative sample from a lot or batch before submitting the sample to certified third party laboratories
- This includes adulterating or changing the sample in any way as to inflate the level of potency, or to hide any microbiological contaminants from the required microbiological screening



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 rules or falsifies records
- 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



Extraction Requirements

- Added additional requirements for extraction equipment and the certification document for the equipment, including:
 - Closed loop systems must be commercially manufactured and bear a permanently affixed and visible serial number
 - The certification documents must contain the signature and stamp of a professional engineer and the serial number



Packaging and Labeling

- Added language that hash marks on a bottle of marijuana infused liquid edible product does not qualify as a measuring device
- Added language for label requirements for packages containing marijuana extract for inhalation, infused marijuana mix and marijuana topicals
- Removed the sample label mock ups



Licensee Responsibilities

- Added language to clarify the responsibilities of a marijuana licensee, including that employees may not:
 - Be disorderly or apparently intoxicated by liquor, marijuana, or controlled substances on the licensed premises
 - Engage in or allow behavior on the licensed premises which presents a threat to public safety
 - Engage in or permit any employee or person to engage in the consumption of any type of marijuana/marijuana product on the licensed premises



Payment Methods

- Added language to clarify the forms of payment a marijuana licensee can use to purchase marijuana, including:
 - Checks
 - Cash
 - Credit/Debit cards
 - Electronic funds transfer
 - Prepaid accounts



Confiscation and Seizure

- Clarified that the WSLCB may destroy in addition to seizing or confiscating marijuana, marijuana concentrates, useable marijuana, or marijuana infused products
- 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 compliant or entered in the marijuana traceability system



Transport License

- Allows the transport licensee to physically transport or deliver marijuana, marijuana concentrates, and marijuana-infused products between licensed marijuana businesses.
- Created a new section to clarify the requirements and qualifications for the transportation license, including:
 - Required information
 - Transport manifest
 - Records of transportation
 - Transportation of product



Cooperatives

- Created a new section to clarify the requirements for a cooperative to be registered with the WSLCB
- Highlights:
 - Cannot be located within one mile of marijuana retailers.
 - Location must be registered with the LCB
 - Must be located in a domicile of one of the participants.
 - Are limited to one cooperative per tax parcel
 - May grow up to the total number of plants authorized for each patient, maximum of 60 plants
 - Qualifying patients or designated providers may only participate in one cooperative
 - Are subject to inspection by the LCB and law enforcement



Cooperative Record Keeping

- Created a new section to clarify the recordkeeping and reporting requirements for cooperatives
- Must keep records that clearly reflect all activity, inventory, and conditions of the cooperative
- All records must be maintained on the cooperative premises for a three-year period and must be made available for inspection
- Cooperatives must maintain a plant log to track each marijuana plant from the time it enters the cooperative



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



Penalties

- Removed suspension as an option for marijuana producers. Penalties include:
 - Monetary fine
 - Destruction of inventory
 - Cancellation of license



Timeline

- | | |
|------------------|--|
| October 12, 2015 | WSLCB began accepting retail applications |
| November 3-19 | Public hearings across state |
| December 2 | Board asked to adopt rules |
| January 2, 2016 | Rules are effective |
| July 1, 2016 | Endorsements become effective. Unlicensed MMJ businesses must cease operations |



Thank you