Proposed Rules Highlights
July 3, 2013

LCB Rulemaking Objective
- Creating a tightly controlled and regulated marijuana market;
- Including strict controls to prevent diversion, illegal sales, and sales to minors; and
- Providing reasonable access to products to mitigate the illicit market.

LCB Role and Responsibility
- Ensuring public safety is the top priority;
- Creating a three-tier regulatory system for marijuana;
- Creating licenses for producers, processors, and retailers;
- Enforcing laws and rules pertaining to licensees; and
- Collecting and distributing taxes.

Timeline
- December 6, 2012: Effective date of new law
- May 16, 2013: Draft rules sent to stakeholders for input and vetting
- July 03, 2013: Proposed rules filed with Code Reviser (CR 102)
- August 6-8, 2013: Public hearings on proposed rules
- August 14, 2013: Rules adopted
- September 16, 2013: Rules become effective
- September 16, 2013: Begin accepting applications for all three licenses (30-day window)
- December 1, 2013: Rules are complete (as mandated by law)

Proposed Rules Highlights
License Requirements
- **30 day window**
  - The LCB will open registration for all license types for a 30 calendar day window (mid-September)
  - LCB may extend the time or reopen application window at its discretion

- **State Residency Requirement**
  - I-502 requires a three month state residency requirement (all license structure types)

- **Background Checks**
  - Personal criminal history form with license forfeiture if incomplete or incorrect
  - Fingerprinting of all potential licensees
  - Background checks of license applicants and financiers

- **Point System**
  - The LCB will apply a disqualifying point system similar to liquor
  - Rules allow exceptions for two misdemeanor convictions of possession w/in three years
• **Costs and Fees**
  - $250 application fee
  - $1,000 annual renewal fee
  - Additional fees for background check and filing for local business license

• **Taxes**
  - License applicants must submit a signed attestation that they are current on taxes owed to the Washington State Department of Revenue.

**Public Safety**

• **Producer Structures**
  - Rules allow producer operations in secure: indoor and outdoor grows as well as greenhouses

• **Traceability**
  - LCB will employ a robust and comprehensive traceability system (software) that will trace product from seed/clone to sale.
  - LCB enforcement can match records to actual product on hand.

• **Background Checks**
  - Personal criminal history form
  - Fingerprinting of all potential licensees
  - WSP and FBI back background checks of licensees and financiers

• **Point System**
  - LCB will apply a disqualifying point system similar to liquor (exceptions for possession)

• **Violation Guidelines / Standard Administrative Procedures Act Guidelines**
  - $1,000 criminal penalty for sales to a minor
  - Sets strict tiered system of violation record over a three year period
    - Group 1 public safety:
      - First violation: 10 day suspension or $2,500
      - Second violation: 30 day suspension
      - Third violation: license cancellation

• **Child Resistant Packaging**
  - Specific requirements for marijuana and marijuana-infused products in solid and liquid forms

• **Security and Safeguards**
  - Alarm and surveillance video camera requirements (including minimum pixels and lockbox encasement)
  - Strict transportation and record keeping requirements (no third party transport of product)
  - Hours of operation limited to 8:00 a.m. to 12:00 a.m.

• **Advertising Restrictions**
  - Law restricts advertising within 1,000 feet of schools, public parks, transit centers, arcades, and other areas where children are present.

July 03, 2013
May not contain statements or illustrations that: is false or misleading, promotes over consumption, represents that the use of marijuana has curative or therapeutic effects, depicts a child or may be appealing to children.

- **Limits on Retail Stores**
  - LCB to provide advance notice to local authority
  - Per I-502, LCB to determine number of retail outlets per county
    - LCB to hold county-by-county lottery accounting for population distribution
    - BOTEC Analysis Corporation determining county consumption levels.
    - Consumption will drive number of retail outlets.

**Consumer Safety**
- **Behind the counter storage**
  - No open containers or handling of product
  - Sniff jars with sealed, screened-top lids allowed

- **Strict packaging and label requirements**
  - Limited servings and concentration per package
  - Lot number
  - Warning label
  - Net weight
  - Concentration of THC and five other cannabinoids
  - Usage warnings (specific warning for ingestible foods/liquids about effect delays)
  - Upon request
    - Third party lab that tested lot and results
    - All pesticides, herbicides, fungicides found in product

- **Defined Serving Size**
  - Defined serving sizes on marijuana-infused product label
    - 10 mg of THC per serving
    - 100 mg of THC per product

- **Lab Tested and Approved (monograph)**
  - All lots will be tested by independent accredited labs
  - Established and uniform testing standards

- **Store Signage and Product Warnings**
  - No minors allowed in stores
  - Required product and usage signs within stores

For more information regarding Initiative 502, please visit the Liquor Control Board website at [www.liq.wa.gov](http://www.liq.wa.gov).

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