



Washington State Liquor Control Board

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)
Dec. 2013 / Jan. 2014	Begin issuing producer, processor and retailer licenses

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

July 03, 2013

- **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.

- 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
 - BOTEK 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.

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