



Washington State
Liquor and Cannabis Board

Date: December 18, 2024

To: Jim Vollendroff, Acting Board Chair
Ollie Garrett, Board Member

From: Justin Nordhorn, Director of Policy and External Affairs

Copy: Will Lukela, Agency Director
Toni Hood, Agency Deputy Director
Paul Magerl, Acting Director of Enforcement and Education
Becky Smith, Director of Licensing
Daniel Jacobs, Acting Rules & Policy Manager

Subject: **Request for Board approval to adopt final rules implementing E2SSB 5080 related to the Social Equity in Cannabis Program**

The Director of Policy and External Affairs requests Board approval to file a CR-103 adopting final rules to implement [Engrossed Second Substitute Senate Bill \(E2SSB 5080 \(chapter 220, Laws of 2023\)\)](#) related to expanding and improving the Social Equity in Cannabis Program. If approved, the final rules become effective on January 19, 2025.

The Board has been briefed on the rule development background and public comments received on this rulemaking. The CR-103 memorandum, CR-103 form, concise explanatory statement, and final rules for adoption are attached.

If final rules are approved for filing, the concise explanatory statement will be sent to any person upon request and stakeholder who submitted written comment or provided oral testimony on the supplemental rule proposal.

_____ Approve _____ Disapprove _____
Jim Vollendroff, Acting Board Chair Date

_____ Approve _____ Disapprove _____
Ollie Garrett, Board Member Date

Attachments:

1. CR-103 Memorandum
2. CR-103 Form
3. Concise Explanatory Statement
4. Final rules for adoption – OTS-5703.5
5. General Public Comment from December 4, 2024 Board Meeting



CR 103 Memorandum

Implementing Engrossed Second Substitute Senate Bill (E2SSB) 5080 related to the Social Equity in Cannabis Program

Date: December 18, 2024
Presented by: Justin Nordhorn, Director of Policy and External Affairs

Background

The rule on the social equity in cannabis program ([WAC 314-55-570](#)) is being amended pursuant to [Engrossed Second Substitute Senate Bill \(E2SSB 5080\) \(chapter 220, Laws of 2023\)](#), related to expanding and improving the Social Equity in Cannabis Program. This legislation builds upon existing efforts to address disparities and injustices caused by the war on drugs, particularly in communities disproportionately impacted by cannabis prohibition and enforcement.

The primary goal of the legislation is to further promote equity within the cannabis industry by providing increased opportunities for individuals from these affected communities to obtain a cannabis license. The legislation mandates the creation of rules that enhance the participation of social equity applicants in the legal cannabis market. It provides the Washington State Liquor and Cannabis Board (LCB or Board) with the authority to clarify eligibility criteria established in E2SSB 5080, develop a scoring system for applications, and establish procedures for the application and licensing. The legislation specifically calls for prioritizing applicants who have been disproportionately affected by the enforcement of cannabis related laws.

The scope of this rulemaking under the legislation includes expanding the eligibility criteria to encompass a broader range of individuals impacted by the war on drugs. Refining the application process to be more inclusive and accessible, and improving the verification methods for eligibility. This includes a clear framework for evaluating and scoring applications, setting requirements for ownership and control, and implementing measures to verify the eligibility of applicants. The rules also establish guidelines for using affidavits and other documentation to support claims of eligibility, ensuring that the process is both rigorous and accessible.

By leveraging statutory authority under E2SSB 5080, the LCB aims to create a more inclusive cannabis industry that reflects the diversity of Washington State and provides meaningful opportunities for those who have been most affected by past cannabis laws. This rulemaking effort seeks to expand and improve the

Social Equity in Cannabis Program, ensuring it effectively addresses the economic and social disparities faced by marginalized communities.

Rule Development Process

The Washington State Liquor and Cannabis Board (LCB) filed the CR-101 initiating the rulemaking on November 8, 2023 ([WSR 23-23-062](#)). The informal comment period was open until February 4, 2024.

Rule development input and collaboration included agency staff from multiple divisions, cannabis industry representatives, community members, Department of Commerce, public health, and the Attorney General's Office.

Public Engagement

To inform the first draft of these proposed rules, extensive stakeholder engagement was held, as follows:

- A survey was administered to applicants who participated under [Engrossed Second Substitute House Bill \(E2SHB\) 2870, \(chapter 236, Laws of 2020\)](#), the legislation that initiated the first round of social equity applications. The survey aimed to gather applicant feedback on the application experiences, highlighting the difficulties of the process such as obtaining necessary documentation and understanding the withdrawal process. These insights garnered from this survey were instrumental in shaping the initial rule proposal.
- Following this first survey, the initial draft of the scoring rubric was presented during a regularly scheduled board meeting, and input from the community on the proposal was provided during these open public meetings.
- A series of engagement sessions were held on May 15, and 22, 2024 to provide stakeholders opportunities to engage LCB staff in discussions and ask questions related to the proposed rules. These sessions also provided a platform for stakeholders to discuss, critique and suggest further refinements to ensure the rules more effectively met the needs of potential applicants and aligned with the objectives of social equity. Insights from these discussions were crucial in developing the subsequent draft, which aimed to enhance inclusivity and fairness in the application process.
- Once feedback was evaluated and incorporated into the next draft of the proposed rules, an online survey accompanying a new draft was publicly disseminated and posted on the LCB's website to facilitate feedback on the subsequent draft. The survey was open from July 11, 2024, until July 18, 2024.

Rule Proposal (CR-102)

The proposed rule filed on August 6, 2024, encompass the community feedback by including detailed definitions and a clear, simplified, and transparent process for determining eligible applicants for the social equity program. The scoring rubric was also refined to reduce barriers to entry and that targets individuals most impacted by the enforcement of cannabis prohibition policies; and provisions are added to enhance accessibility and economic opportunity, including allowing affidavits to demonstrate eligibility for specified criteria, an appeal process, and adjustments to license mobility requirements.

On July 31, 2024, the Board approved filing proposed rules (CR-102) implementing E2SSB 5080. The rules were filed on August 6, 2024, as [WSR 24-16-130](#) and the public hearing on proposed rules was held on September 11, 2024. Two stakeholders testified at the hearing and eleven comments were received on the proposed rules during the formal public comment period.

Supplemental Rule Proposal (CR-102)

Following the public hearing on September 11, 2024 and while examining the public feedback received, the LCB decided to file a supplemental CR-102 on October 23, 2024 as [WSR 24-21-169](#) with the following changes to the initial proposed rules filed on August 6, 2024:

- 1) Registration Window: The updated proposal has a separate registration window for retailers and non-retail licenses (producers and processors) to allow registrants who did not get selected for a retail license, an additional opportunity to register for a non-retail license.
- 2) Scoring Rubric: The goal of the scoring rubric was to provide registrants point accumulation based on the level of impact a person may have experienced based on the war on drugs, and link impacts to qualifications established in statute. Scoring was developed and drafted based on a general assessment of direct impacts to an applicant, and stakeholder feedback from verbal, written, and survey submissions. To ensure familiarity of scores compared to previous rules and proposed changes, the scores in each category match the overall percentage weight on a 300-point scale.
 - a) Lived in a disproportionately impacted area (DIA) [20% of total score]: This was weighted as the second highest impact to applicants, as the evaluation is limited a specific timeframe, and not all people living in a DIA had the same level of adverse impacts based on the war on drugs. This change was supported by stakeholder feedback.
 - b) Criminal arrests and conviction [50% of total score]: This category has the greatest direct impact to the applicant and their family and is not limited by time factors. Escalating scores were identified by level of adverse impacts

of a conviction and subsequent disposition. This change was supported by stakeholder feedback.

- c) Household income [15% of total score]: This category has limited direct impact representation of the war on drugs, as the evaluation is only for the one year prior to license application window, based on state statute.
 - d) Socially and Economically Disadvantaged [15% of total score]: Although the statute uses this as a qualification, this is the only qualification category that does not have specific impacts associated for scoring purposes. Scoring was designed to capture direct impacts, such as losing a cannabis business when law changes occurred in 2015, and previously qualifying as a social equity applicant under previous standards but did not receive a license. The weight of this category was determined based on balancing statutory specifics, direct impacts of cannabis law and enforcement, and stakeholder input. Stakeholder feedback was split on point evaluation for this category, with a majority not supporting substantial points. However, stakeholder feedback did demonstrate direct adverse impacts based on the loss of a business, and LCB felt this impact met the spirit of social and economic disadvantages.
- 3) E2SHB 2870 Applicants – License Mobility: In the updated proposal, the effective date for allowing E2SHB 2870 applicants who are unable to secure a location in the county where the license was initially issued is January 1, 2026. In the original proposal, the effective date is 90-days after the license application window closes. This approach provides a more equitable time frame for applicants applying under E2SSB 5080 to compete for locations statewide.

Setting a specific date for when licenses without a location can be moved to another location provides clarity for all license holders. The approach eliminates ambiguity about when those who applied under E2SHB 2870 can start securing an initial location outside of county they had originally applied, allowing businesses to plan accordingly to secure an initial location with greater certainty. Furthermore, a specific date simplifies the process for overseeing and managing relocations as it allows for better resource allocation and ensures all relocation applications are processed under the same regulatory framework.

- 4) Title Certificate Holders (TCH): The approach for license mobility requirements for Title Certificate Holders (TCH) in the updated proposal is consistent with the previously established board policy in the existing rule under [WAC 314-55-570](#). Although the license mobility requirements for a TCH is broader under the original proposal, the updated proposal affords the TCH an opportunity to reinstate their title certificate in addition to applying for a social equity license under provisions of E2SSB 5080.

Under the updated proposal, TCHs cannot modify the ownership structure after registering and submitting the application materials to the social equity contractor for an eligibility determination.

The public hearing on the Supplemental CR-102 was held on December 4, 2024. Two stakeholders testified at that hearing and two stakeholders provided written comment during the formal comment period. Responses to those comments and testimony are detailed in the Concise Explanatory Statement.

Variance between proposed rule (CR-102) and final rule:

The changes below have been made to the proposed rule language (CR 102):

WAC 314-55-570 Social equity in cannabis program			
Section	Proposed Rule (CR 102)	Final Rule (CR 103)	Reason for Change
(4)(a)(i)(B)	... The social equity contractor reserves the right to verify the authenticity...	...The social equity contractor <u>may</u> verify the authenticity ...	Technical wording change without changing effect.
(4)(a)(ii)(B)			

Rule Implementation (RCW 34.05.328(3)(a))

Informing and Educating Persons Impacted by the Rule (RCW 34.05.328(3)(b))

To help inform and educate persons impacted by the rule, the LCB will:

- Email notice with the adoption materials to persons who commented on the rules, the rule making and licensee distribution lists, and the general LCB GovDelivery list;
- Post rule adoption materials, including final rule language, response to comments, final analysis (Concise Explanatory Statement), and any other relevant documents on the rulemaking webpage for public access.

Promoting and Assisting Voluntary Compliance (RCW 34.05.328(3)(c))

LCB will promote and assist voluntary compliance through technical assistance.

- LCB staff are available to respond to phone and email inquiries about the rules.
- Agency leadership and staff have actively participated in rule development and revisions and are familiar with the final product. Internal and external education efforts to share knowledge and assure consistent application of rule will be supported.
- Rule and guidance documents will be available on the LCB website.
- LCB will use available and customary resources to disseminate materials and information to all persons impacted by the rules.

These actions are designed to inform and educate all persons impacted by the rules to support and promote voluntary compliance.

Training and Informing LCB Staff

Several LCB staff responsible for implementing these adopted rules work directly with impacted parties and are already familiar with the nuances of the rule changes. Additional internal guidance documents may be prepared as necessary. The LCB will also consider:

- Provision of internal and external training and education, as needed. potentially including webinars, training, and videos if appropriate;
- Coordinating and centrally locating decisions to assure consistency between agency, staff, and industry.

Rule Effectiveness Evaluation (RCW 34.05.328(3)(d))

After the rule becomes effective, the LCB will evaluate the effectiveness of this rule in the following ways, including but not limited to:

- Monitoring questions received after the effective date of this rule, and adjusting training and guidance accordingly;
- Monitoring the number of enforcement actions, including type, resolution, and the outcome;
- Monitoring the number of requests for rule language revisions or changes;
- Monitoring the number of requests for rule interpretation;
- Monitoring licensee feedback including, but not limited to, the number of requests for assistance.

RULE-MAKING ORDER

PERMANENT RULE ONLY



CR-103P (December 2017)

(Implements RCW 34.05.360)

Agency: Washington State Liquor and Cannabis Board

Effective date of rule:

Permanent Rules

- 31 days after filing.
 Other (specify) _ (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

- Yes No If Yes, explain: .

Purpose: The Washington State Liquor and Cannabis Board (Board) has amended the social equity in cannabis program rule (WAC 314-55-570) to implement Engrossed Second Substitute Senate Bill (E2SSB) 5080, (chapter 220, Laws of 2023) to expand and improve the Social Equity in Cannabis Program, including revisions to the scoring and application process, county licensing thresholds, and local jurisdiction objections.

Citation of rules affected by this order:

New:
 Repealed:
 Amended: WAC 314-55-570
 Suspended:

Statutory authority for adoption: RCW 69.50.331; RCW 69.50.335; RCW 69.50.345

Other authority:

PERMANENT RULE (Including Expedited Rule Making)

Adopted under notice filed as WSR 24-21-169 on October 23, 2024_ (date).
 Describe any changes other than editing from proposed to adopted version:

WAC 314-55-570 Social equity in cannabis program			
Section	Proposed Rule (CR 102)	Final Rule (CR 103)	Reason for Change
(4)(a)(i)(B)	... The social equity contractor reserves the right to verify the authenticity...	...The social equity contractor <u>may</u> verify the authenticity ...	Technical wording change without changing effect.
(4)(a)(ii)(B)			

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

Name: Daniel Jacobs, Acting Rules & Policy Manager
 Address: 1025 Union Avenue SE, Olympia WA 98501
 Phone: 360-480-1238
 Fax: 360-664-3208
 TTY:
 Email: rules@lcb.wa.gov
 Web site: www.lcb.wa.gov
 Other:

**Note: If any category is left blank, it will be calculated as zero.
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.
A section may be counted in more than one category.**

The number of sections adopted in order to comply with:

Federal statute:	New	___	Amended	___	Repealed	___
Federal rules or standards:	New	___	Amended	___	Repealed	___
Recently enacted state statutes:	New		Amended	1	Repealed	

The number of sections adopted at the request of a nongovernmental entity:

New	___	Amended		Repealed	___
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The number of sections adopted on the agency's own initiative:

New		Amended	1	Repealed	
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The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New	___	Amended	___	Repealed	___
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The number of sections adopted using:

Negotiated rule making:	New	___	Amended	___	Repealed	___
Pilot rule making:	New	___	Amended	___	Repealed	___
Other alternative rule making:	New		Amended	1	Repealed	

Date Adopted: December 18, 2024

Name: Jim Vollendroff

Title: Acting Board Chair

Signature:

Place signature here

WAC 314-55-570 Social equity in cannabis program. (1) Definitions.

(a) "**Disproportionately impacted area (DIA)**" means a census tract within Washington state where community members were more likely to be impacted by the war on drugs. ~~((These areas are determined using a standardized statistical equation to identify areas of high unemployment, low income, and demographic indicators consistent with populations most impacted by the war on drugs, including areas with higher rates of arrest for drug charges.))~~ The board will provide maps to identify disproportionately impacted areas. The maps will reflect census tracts from different time periods to account for gentrification. These areas are determined using a standardized statistical equation to identify areas in the top 15th percentile in at least two of the following demographic indicators of populations most impacted by the war on drugs:

(i) The area has a high rate of people living under the federal poverty level;

(ii) The area has a high rate of people who did not graduate from high school;

(iii) The area has a high rate of unemployment; or

(iv) The area has a high rate of people receiving public assistance.

(b) "**Family member**" means:

(i) A biological, adopted, or foster child, a stepchild, a child's spouse, or a child to whom the ~~((applicant))~~ social equity registrant, as defined in this subsection below, stands in loco parentis (in place of the parent), is a legal guardian, or is a de facto parent, regardless of age or dependency status;

(ii) Grandchild, grandparent, parent, or sibling of a child as defined in (b)(i) of this subsection;

(iii) Spouse or domestic partner;

(iv) Any individual who regularly resides in the ~~((applicant's))~~ registrant's home or where the relationship creates an expectation that the ~~((applicant))~~ registrant care for the ~~((person))~~ individual and that individual depends on the applicant for care, or that the individual care for the ~~((applicant))~~ registrant and that the ~~((applicant))~~ registrant depends on the individual for care.

(c) "**(Median) Household income**" means the ~~((most recent median household))~~ gross income ((within)) for the previous calendar year and includes the ((state)) sum of ((Washington as calculated)) the income received in the previous calendar year by ((the United States Census Bureau)) all household members aged 15 years and older before taxes and deductions.

(d) "**((Person)) Individual**" means a real human being, distinguished from a corporation, company, or other business entity.

(e) "**Median household income**" means the median income for households in Washington for the previous calendar year, as determined by the United States Census Bureau.

(f) "**Preliminary letter of approval**" means an approval letter issued to a social equity program applicant. The letter may be used for the purposes of ((securing a grant from the department of commerce)) applying for funding and/or securing a location, and ((other necessi-

~~ties to complete)) additional steps that may be necessary for continuing with the licensing application process.~~

~~((f)) (g) "Social equity program applicant" means ((a person(s) who meets the requirements of)) an individual or entity that receives a preliminary letter of approval to apply for the social equity licensing program.~~

~~((g)) (h) "Social equity contractor" means a third party responsible ((to review)) for reviewing and ((score)) scoring social equity program applications to identify which applicants qualify to apply for a social equity license.~~

~~((h)) (i) "Social equity licensee" means ((a person)) an individual or entity that holds a social equity cannabis license or any ((person)) individual or entity who is a true party of interest in a social equity in cannabis license as described in WAC 314-55-035.~~

~~((i) "Social equity plan" means a plan that addresses the following elements including, but not limited to:~~

~~(i) A description of how issuing a cannabis retail license to the social equity applicant will meet social equity goals as described in statute;~~

~~(ii) The social equity applicant's personal or family history with the criminal justice system, including any offenses involving cannabis; and~~

~~(iii) Business plans involving partnerships or assistance to organizations or residents with connections or contributions to populations with a history of high rates of enforcement of cannabis prohibition.~~

~~(j) "Social equity title certificate holder" means a cannabis retail license title certificate holder that meets the requirements of a social equity program applicant as determined by the social equity contractor, and is unable to open for business in the city or county where the cannabis retail license is located)) (j) "Social equity registrant" means any individual or entity that registers to be evaluated and scored for the social equity program. Qualification is evaluated based on the registrant's application materials submitted to the social equity contractor. If a registrant is deemed qualified for the social equity program and selected to move forward, the registrant becomes a social equity applicant, as defined in this subsection.~~

~~(2) ((Social equity applicant requirements.~~

~~(a)) Registering for the social equity program. Registration through a designated portal is required prior to submitting application materials to the social equity contractor. If two or more individuals are registering as a single applicant, only one individual may fill out the registration form on behalf of the other individuals who are applying. Each individual is limited to one registration, within a designated license application window. Individuals registering and submitting application materials who are contributing to the required 51 percent ownership may not be removed or added after registering.~~

~~(a) Registration window. The registration window(s) will be open for 30 calendar days. The board will open separate registration windows for retail applications and for producer and processor applications. The board may reopen a designated registration window after conducting an evaluation that considers market demand, impacts related to license density, and availability of licenses.~~

~~(3) Social equity application process. After a designated registration window closes, the social equity contractor will provide the registrant with directions for submitting social equity program application materials and verification documents.~~

(a) **Submission requirements.** Social equity program application materials must be submitted directly to the social equity contractor in the form and manner required by the social equity contractor, within 21 calendar days after notification from the social equity contractor. Application materials submitted after the specified time frame will not be reviewed or scored. Registrants are responsible for ensuring the application is complete, accurate, and successfully submitted.

(4) **Qualifying for the social equity program.** To ~~((be considered))~~ qualify for the social equity program under this chapter and RCW 69.50.335, the ~~((following requirements))~~ criteria provided in this subsection must be met ~~((by each applicant:~~

~~(b) At least a))~~. Social equity applicants with the highest scores will be prioritized by the social equity contractor to proceed with the social equity license application process. The social equity contractor will provide the board with a list of the selected registrants that may move forward in the application process as an applicant.

(a) **51 percent ownership.** An applicant must have 51 percent ownership and control by one or more individuals qualifying as a social equity applicant. All individuals that are a part of the license registration must be held by a person, or persons, who has lawfully resided in Washington state for six months prior to the registration date, consistent with RCW 69.50.331. Each individual comprising the 51 percent majority ~~((, or controlling interest, in the applicant, must be held by a person, or persons, who has or have resided in Washington state for six months prior to the application date, consistent with RCW 69.50.331, and meets at least two of the following qualifications))~~ ownership must meet at least two of the four qualifications below:

(i) **Qualification 1:** ~~((The social equity applicant or applicants have lived in a disproportionately impacted area))~~ Resided in a disproportionately impacted area (DIA) in Washington state for a minimum of five years any time between 1980 and 2010 ~~((or))~~. Time spent living in a DIA does not need to be consecutive.

(A) Proof of address documentation that may demonstrate currently living or having lived in a DIA include, but are not limited to, documents such as: Bank statements, lease agreements, home insurance or car policy, federal or state tax returns that show the address for each year, utility bills, employment records, school records, voter registration. Any combination of documents may be utilized to demonstrate the qualification.

(B) Affidavits may be used as a supplemental document to demonstrate the registrant meets the qualifications under (4)(a)(i) of this subsection, provided that the affidavit is accompanied by other documents. The social equity contractor may verify the authenticity and accuracy of the submitted affidavit and supporting documentation. Additional documentation or evidence may be requested to support the claims made in the affidavit. Failure to provide truthful information or to comply with the verification request may be considered a misrepresentation of fact, under WAC 314-55-050, 314-55-073, or 314-55-505.

(ii) **Qualification 2:** ~~((The social equity applicant or a family member of the applicant has))~~ Been arrested or convicted ~~((of))~~ for a cannabis offense ~~((or))~~.

(A) To demonstrate this, documents that contain details such as the date of the arrest or conviction, the charges, and the law enforcement agency involved, such as: Arrest records from the agency that made the arrest, booking reports, bail papers, police reports or

police logs, court documents (e.g., arrest warrants, charging documents, or minutes from the arraignment), criminal history records, news reports to establish the event, online inmate locator services for the family member, legal representation who can provide details about the arrest or conviction, court mandated community service paperwork, court mandated paperwork, or background checks. Any combination of documents may be utilized to demonstrate the qualification.

(B) Affidavits may be used as a supplemental document to demonstrate an arrest or conviction was a cannabis offense provided that the affidavit is accompanied by court records that provide evidence of an arrest or conviction for a schedule 1 drug offense. Court records include, but are not limited to, arrest records, charging documents, plea agreements, court orders, or sentencing documents. The social equity contractor may verify the authenticity and accuracy of the submitted affidavit and supporting documentation. Additional documentation or evidence may be requested to support the claims made in the affidavit. Failure to provide truthful information or to comply with the verification request may be considered a misrepresentation of fact, under WAC 314-55-050, 314-55-073, or 314-55-505.

(iii) **Qualification 3:** ((The social equity applicant's)) Had a household income ((in the year prior to submitting the application was)) less than the median household income within the state of Washington as ((calculated)) determined by the United States Census Bureau for the calendar year preceding the date of application.

(A) Proof of household income includes, but is not limited to, documents such as: Federal tax return, W-2 forms issued by an employer that shows annual wages and taxes withheld, 1099-NEC forms, bank statements showing consistent deposits, employer income verification letter stating your salary and terms of employment, unemployment benefits statements, court ordered agreements, annuity statements from an insurance company showing regular annuity payments, workers' compensation letter from an employer or insurance company detailing workers' compensation payments, profit or loss statements for self-employed individuals, a statement showing business income and expenses. Any combination of documents may be utilized to demonstrate the qualification.

(iv) **Qualification 4:** Is both socially and economically disadvantaged as defined by the office of minority and women's business enterprises.

(A) Examples of documentation to demonstrate the qualification may include, but are not limited to, those identified by the office of minority and women's business enterprises for Washington state certification. Any combination of documents may be utilized to demonstrate the qualification.

~~((3) **Social equity application process.**~~

~~(a) **Application window.**~~

~~(i) The board will open the application window for an initial period of 30 calendar days.~~

~~(ii) At its sole discretion, the board may reopen the application window:~~

~~(A) After initial evaluation of applications is received and locations are still available; or~~

~~(B) If additional allotments become available after the initial application window has closed pursuant to RCW 69.50.335.~~

~~(b) **Initial application requirements.**~~

~~(i) The social equity application must be submitted electronically through the department of revenue's business licensing online application system.~~

~~(ii) The social equity applicant must apply to the department of revenue's business licensing service within the 30-day application window. All required information must be completed on the application and payment must be submitted within the 30-day application window for the application to be accepted.~~

~~(iii) The social equity applicant, whether applying as a person, persons, or entity, may apply for a cannabis license only once during each application window described in subsection (4)(c) of this section.~~

~~(iv) An application to reinstate the license of a social equity title certificate holder will not be considered a new social equity license application. The social equity title certificate holder may submit an application for a social equity license and an application to reinstate their existing license through the social equity program.~~

~~(v) A location address is not required at the time of application.~~

~~(e))~~ **(5) Identifying registrants eligible to apply for a license.** After the social equity contractor has evaluated all registrations from a designated registration window, the social equity contractor will provide the board with a prioritized list of:

(a) The top 52 scoring registrants eligible to apply for a retail license.

(b) The top 10 scoring registrants for a cannabis producer license, which must be issued in conjunction with a cannabis processor license.

(c) The top 100 scoring registrants for a cannabis processor only license.

(6) Social equity contractor review. ~~((One))~~ After the ~~((application))~~ registration window is closed, the social equity contractor will ~~((evaluate and prioritize all applications received within the 30-day application window))~~ provide the registrant, or title certificate holder, with directions for submitting social equity program application materials and verification documents.

~~((i) The social equity applicant must select one county where they wish to operate their business and notify the social equity contractor of their selection in the form and manner required by the social equity contractor.~~

~~(ii) The social equity applicant must submit documentation verifying the eligibility requirements described in (c)(D)(viii) of this subsection to the social equity contractor in the form and manner required by the social equity contractor.~~

~~(iii) Examples of documentation that may verify eligibility requirements include, but are not limited to:~~

~~(A) School records, rental agreements, utility bills, mortgage statements, loan documents, bank records, or tax returns that show the applicant's address(es), or a signed declaration that includes the applicant's address(es) indicating that the applicant resided in a DIA; or~~

~~(B) The applicant's arrest or conviction records, or family member's arrest or conviction records and an affirmation of the familial relationship signed by the applicant and the family member; or~~

~~(C) The applicant's tax returns demonstrating their income for the prior year; or~~

~~(D) Any other documentation that verifies the eligibility requirements described in (c) (D) (viii) of this subsection.~~

~~(iv) If additional materials are needed, the social equity applicant will receive a letter electronically from the social equity contractor directing the applicant to submit additional application materials directly to the social equity contractor.~~

~~(v) The social equity applicant must submit complete and accurate additional application materials directly to the social equity contractor within 15 business days of the date of the letter. It is the responsibility of the social equity applicant to comply with the application requirements in this section and ensure the application is complete, accurate, and successfully submitted to the social equity contractor.~~

~~(vi) If the application is determined to be incomplete by the social equity contractor, the social equity applicant will be provided with 14 days to submit a complete application. The social equity contractor will score the application based on the materials submitted within the time frame.~~

~~(vii) The social equity contractor will review the application materials, including the social equity plan provided by the social equity applicant to determine if the applicant meets the requirements of a social equity applicant.~~

~~(viii) After the social equity contractor determines that the requirements have been met, the social equity contractor will score social equity applications using the following scoring rubric to prioritize social equity applicants:))~~ (a) **Who is eligible to be scored:** Scoring by the social equity contractor will be limited to each registrant who meets two out of the four required social equity program qualifications, and each registrant may only be scored once. Only the first registration received will be scored for qualifications. Title certificate holders applying for license reinstatement and registering for an eligibility determination shall not be considered a duplicate registration for other new social equity license application under this section.

(b) **Scoring rubric.** The social equity contractor will prioritize social equity program registrants based on the below scoring rubric criteria. The total score will be based on a cumulative total, adding together the highest achieved score for each of the 7 categories:

Social Equity Application Scoring Rubric		
Category	Eligibility Requirements	Point Scale
	1. Lived in a disproportionately impacted area (DIA) 1-5 years = 15 points 6-10 years = 45 points 11+ years = 60 points	((40)) 60
	((1a. How long have you lived in a DIA? 5y-10y = 20 points 10+ years = 40 points	40))
	2. Convicted of a drug offense? (Self) = 15 points Convicted of a cannabis offense? (Self) = 60 points	((10)) 60
	((2a. Convicted of a cannabis offense? (Self)	40))
	3. Convicted of a drug offense? (Family) = 15 points Convicted of a cannabis offense? (Family) = 30 points	((5)) 30
	((3a. Convicted of a cannabis offense? (Family)	5))
	4. If you were convicted of a cannabis offense, what type of sentence did you receive: Fine = ((40)) 15 points Served probation or Confined to home = ((20)) 30 points ((Confined to home = 40 points)) Served time in jail or prison = ((80)) 60 points	((80)) 60
	((5. Did you or your family member's incarceration keep you from getting employment?	5
	6. Did you lose your home or ability to purchase a home or rent a home as a result of your convictions or arrests?	5))
	((7.) 5. Is your household income less than the median household income within the state of Washington as calculated by the United States Census Bureau?	((40)) 45
	((8. Did you own or operate) 6. Owned a medical cannabis dispensary or collective garden, licensed as a business, prior to July 1, 2016 ((10 points?)) = 15 points	((10))
	((or Did you own and operate)) Owned a medical cannabis dispensary or collective garden licensed as a business in a DIA ((30 points?)) = 30 points	((30 in a DIA)) 30
	((9. Have you held or do you currently hold 51 percent majority/controlling interest of a state cannabis (marijuana) retailer license? No = 10 points Yes = 0 points)) 7. Applied during the HB 2870 social equity application window, qualified as a social equity applicant, but were not eligible to be issued a license	((10)) 15
	Total Maximum Points	((310)) 300 points

~~((ix) The social equity contractor will provide the board with a list of eligible and scored social equity applicants.~~

~~(x) Neither the social equity contractor nor its employees shall benefit from any license or licenses granted as a result of their review.~~

~~(d) (i) **Board review.** Social equity applicants that are scored highest by the social equity contractor within the county selected by the social equity applicant will be processed by the board.~~

~~(ii) In the event of a tie, the board will use a double blind lottery conducted by an independent third party to identify the application(s) that will be processed.) (c) **Preliminary score.** Upon initial assessment of the social equity program application materials, the social equity contractor will provide the registrant with a preliminary score, along with a comprehensive explanation of the score detailing the points allocated for each criterion.~~

(i) The registrant may submit additional documentation to potentially improve the final score. Documentation must be submitted in the form and manner specified by the social equity contractor no later than 21 calendar days after being provided the preliminary score.

(d) **Final score.** Prior to issuing the final score, the social equity contractor may adjust the registrant's preliminary score based on a review of any additional documentation provided. The social equity contractor will notify registrants and qualified social equity applicants of the final score and include a detailed explanation of the scoring decision.

(e) **Prioritization.** Qualified registrants with highest final scores will be prioritized by the social equity contractor to be included on the list of social equity applicants who are selected to apply for a social equity license.

(f) **Double-blind lottery.** If a tie should occur among qualified registrants with identical scores, a double-blind lottery will be used to prioritize the social equity applicants who may proceed with applying for a social equity license. The double-blind lottery will be conducted by a third-party contractor who is separate from the social equity contractor reviewing and scoring the application.

(g) **Conflict of interest.** It is a conflict of interest and violation of this chapter if the social equity contractor, the third-party contractor conducting the double-blind lottery, or employees of any contractor benefit from any social equity license granted under this section. Any conflicts of interest between a contractor and applicant or cannabis licensee may result in the denial of an application or a revocation of the cannabis license.

(7) **Board notification.**

((e)) (a) **Preliminary letter of approval.** Once the social equity applications that will be processed are identified as described in this section, eligible social equity applicants will be issued a preliminary letter of approval.

((4) **Additional provisions.**

(a) **Time restrictions.** There are no time restrictions for a social equity applicant to select and secure a location.

(b) **Ownership changes.** Social equity applicants may not make ownership changes to an application after the application has been reviewed, scored, and prioritized by the social equity contractor.)

(b) **Withdrawal letter.** The board will issue a withdrawal letter notifying registrants that are not eligible to apply for a social equity license if:

(i) The social equity program application or additional materials are determined to be incomplete or incorrect by the social equity contractor;

(ii) The social equity program application materials are not received by the social equity contractor in a timely manner;

(iii) The social equity registrant is not qualified for the social equity program based on the determination made by the social equity contractor;

(iv) The social equity registrant is deemed qualified for the social equity program but did not score high enough to be prioritized, based on the score provided by the social equity contractor or the social equity registrant was not selected in a lottery to determine which registrants could move forward.

(v) The social equity registrant makes a voluntary request to the board, in writing, to voluntarily withdraw the social equity program application being reviewed and scored by the social equity contractor.

The voluntary withdrawal of a social equity program application does not result in a hearing right.

~~((e)) (8) Social equity ((applicants may apply for a social equity)) license ((once per)) application ((window)). ((If a social equity applicant applies more than once, the board will accept only the first application.~~

~~(d) License mobility. Social equity licenses that are currently designated to specific cities may be located anywhere within the county in which the city is located. However, the license may not be transferred outside of that county.~~

~~(e) Qualifying for the social equity program will not result in or guarantee cannabis business license approval. Social equity applicants must meet all license qualifications in WAC 314-55-077 and this chapter to receive a license.) Once the board issues the preliminary letter of approval, selected applicants may submit social equity license application materials to the board. Qualifying as a social equity applicant does not guarantee the issuance of a social equity license.~~

(a) Licensing requirements. To qualify for a social equity license, applicants must meet the licensing requirements provided in this chapter, RCW 69.50.331, and RCW 69.50.335.

(b) Location and financing. There are no time restrictions for when a social equity applicant must select and secure a location and/or financing. Social equity registrants who applied under chapter 220, Laws of 2023, have been scored and prioritized pursuant to this section by the social equity contractor and have been selected to apply for a new social equity license may locate the initial licensed business to any city, town, or county in the state of Washington, one time only. Once the initial licensed location is established it may not be moved from the selected city, town, or county.

(c) County threshold. The board will establish license thresholds for each county to ensure there is an adequate amount of access to licensed sources of cannabis, cannabis concentrates, usable cannabis, and cannabis-infused products to discourage purchases from the illegal market. The board shall conduct a license threshold determination every three years, beginning July 1, 2029. In making its determination, the board shall consider market conditions, economic trends, demographics, and other relevant factors. County thresholds will be publicly posted and updated every three years and will be accessible to all stakeholders and the general public via the internet.

(d) Retailer license mobility. Effective January 1, 2026, social equity applicants, who applied under chapter 236, Laws of 2020, may change the initial business location from their currently allocated local jurisdiction under the following conditions:

(i) The qualifying licensee has not secured a location in the initial county where their license is allocated; and

(ii) Any relocation into a different county requires the qualifying social equity licensee to have received an application score which exceeds the lowest score awarded for successful applicants in the desired county.

(iii) The lowest scores awarded for successful applicants under chapter 236, Laws of 2020, by county will be posted online.

(e) Local ordinance. The board will substantially consider an objection from an incorporated city or town, or county for a proposed location of a social equity retail license if an ordinance limiting retail outlet density is in effect in the area prior to the board receiving the license application.

(f) **License transfer and assumption.** Licenses awarded under this section may not be transferred or assumed within the first year of the license being issued. After the first year and up to the fifth year from the date of the initial license approval, licenses awarded under this section may only be transferred to or assumed by individuals or groups of individuals who meet the ((definition)) qualifications of a social equity program applicant ((for a period of five years from the date of the initial license was approved)).

(g) **Appeals.** An applicant or licensee may request an administrative hearing to contest the withdrawal, denial, nonrenewal, or revocation of a license pursuant to chapter 34.05 RCW. A request for a hearing must be made in writing and received by the board no later than 20 days after the date the notification of withdrawal, denial, nonrenewal, or revocation was mailed to the applicant or licensee.

~~((5) Social equity title certificate holders.)~~ (9) **Title certificate holders.** A title certificate holder ((that meets the requirements of a social equity program applicant as determined by the social equity contractor may reinstate their retail cannabis license anywhere within the county that they hold their title certificate.

~~(6) Application withdrawal.~~ The board will withdraw a social equity application if:

~~(a) The social equity program application or additional materials are determined to be incomplete or incorrect by the social equity contractor;~~

~~(b) The social equity program application materials are not timely received by the social equity contractor;~~

~~(c) The social equity applicant is not selected to continue with the licensing application process; or~~

~~(d) The social equity applicant(s) requests withdrawal of the social equity program application at any time in the application process. The social equity applicant(s) must request withdrawal in writing. The voluntary withdrawal of a social equity program application does not result in a hearing right.)~~ means a licensee who is unable to open for business in the city or county where the cannabis retail license was originally located due to a ban or moratorium.

(a) Title certificate holders that meet the requirements of a social equity applicant under chapter 220, Laws of 2023, may reinstate their existing license under the social equity program, and locate anywhere in the county where the cannabis retail license was originally located. To reinstate a license under the social equity program, title certificate holders must first register through the board to then submit application materials to the social equity contractor for an eligibility determination, as defined in this chapter and RCW 69.50.335. Scoring by the social equity contractor is not required as part of eligibility determination.

(i) Prior to submitting application materials to the board to reinstate the license under the social equity program, the title certificate holders must have an established business entity structure that has been approved by the board.

(ii) Individuals registering and submitting application materials for an eligibility determination, who are contributing to the required 51 percent ownership, may not be removed after the title certificate holder registers and submits application materials to the social equity contractor during the 30-day registration window.

(iii) An application to reinstate a license and application for a social equity license must be submitted to the board.

(iv) Neither a new location for the retail license in the county or financing are required at the time of the application to reinstate an existing cannabis license.

(v) Nothing shall prevent a title certificate holder from applying for a social equity license under chapter 220, Laws of 2023, in addition to reinstating a license under the social equity in cannabis program. Only social equity registrants receiving a score by the social equity contractor are eligible to be prioritized for a new license under this section.

(10) **Social equity plan reimbursement.** All cannabis licensees with an active license may submit a social equity plan, as defined in RCW 69.50.101, to the board for a one-time reimbursement that equals the cost of the licensee's annual cannabis license renewal fee, one per entity. The board will reimburse the licensee no later than 30 calendar days after the social equity plan has been received and verified.

(a) Reimbursements may only be provided to licenses that are currently operational, and not in the process of assumption, acquisition, or discontinuation of business activities.

(b) Social equity applicants or those who hold a social equity license are not required to pay a license renewal fee.

General Public Comments from December 4, 2024 Board Meeting

Casey Calhoun

Good morning, Chair Vollendroff, Board Member Garrett and LCB staff. Thank you for the opportunity to speak today. I would like to offer my comments once again on the issue of license mobility. I am very concerned about the LCB's repeated stance on license mobility when the statute language regarding license mobility for all social equity app licensees is clear, concise and is not ambiguous. RCW 69.50.335 at the time of licensure all licenses issued under the social equity program may be located in any city, town, or county in the state regardless of whether a cannabis license was originally allocated or issued in another city, town, or county. In the LCB's current proposed rules, the notice states on page two that this proposed rule quote offers broader location opportunities under specific conditions. These conditions are numerous involving an expanded timeline of more than a year from now and creates an additional scoring requirement, which in fact does not offer broader location opportunities, but in fact restricts location opportunities.

I'm confused as to why the rules team has come to this decision to create two different license mobility structures as it seems clearly in conflict with the majority of stakeholder feedback, the repeated recommendations of the social equity task force final report. It's in conflict with testimony given from the board to the house and the senate that 5080 be passed as is. And most importantly, the proposed rule is in conflict with the clear language of current statute and legislative intent. Nowhere in 5080 is there language for two different license mobility structures, grandfathering provisions or savings clauses.

The board should not implement a rule in conflict with statute. Thank you for your time.

David Rose

Thank you. Good morning Board.

Yeah, I just want to touch on this mobility that we have. I just think it will be so devastating. It directly threaten my mobility to provide for my family and secure a future for myself. I made significant investment in time and resource. I urge you to reconsider this decision and prioritize the needs of social equity applicants. I hope we can find a solution that aligns with the original intent of the law. If necessary, I may need to explore other venues such as media outreach that ensure our voices heard.

You know, and I heard I've heard a lot of things about being fair about this program. A lot of people has been heard about this program. You know, we had the, we had the people in medical cannabis. They lost their license, you know, people who try to get licensed before on this round. 90% of them voted to try to get the license in King County. And after the program was over, there was still four license that was available in other counties. So those people, they took a risk of trying to go to King County and didn't look at other options. And, you know, I don't think we should keep penalizing other people and trying to make things fair because all through this program, a lot of things have not been fair for a lot of people. And a lot of applicants.

But what we can do is move forward in a righteous way to make things right now and to make things fair because not only is the mobility, even if we have mobility, there's other obstacle in our ways. We have counties that won't let us in anyways. So mobility is just one thing that we're

facing. We're facing a slew of other things. And if you guys set us out for another year, a lot of us will not make it. And the funds you guys gave us, it doesn't align with [sic] putting us out for another year. We'll be losing everything that we that we have set up for. We already been waiting for a year. Some of us have been.

So I just want you guys to really think about what you guys are doing. And, you know, we're conflicting with the law, making rules that conflict with the state law.

Thank you for your time.

Peter Manning

Once again, my name is Peter Manning, President of Black Excellence in Cannabis. And I'd like to say good morning to the board, Ollie Garrett and Vollendroff and I like to say good morning to the board.

I don't agree with Christopher King too much. It's rarely that I ever do. But, you know, the letter I did send to Ollie Garrett in 2016 outlining the hijacking of the candidates in this year away from black and brown people. And what I felt at that time was done on purpose, which of course it turned out to be true. Ollie brushed that to the side, so, I don't know moving forward in 2024, moving into the future of 2025, where she's going to be at when it comes to black issues. I know she stood in the past and it was mute.

The momentum for social equity got its push when I filed a lawsuit against this agency in 2019. I met with Inslee, Inslee, along with Black Excellence in Cannabis came with a thing along with LCB for 2870 that we were allowed to help draft it. I still pursued with the lawsuit. But that was a compromise. So, this agency's never done anything proactive to correct the wrongs that was done to the black and brown community. We don't even need to prove it. It's proven by the illusion of inclusion when you ride through the black neighborhood. You have these big dispensaries with black people painted on the side of it. I mean, come on, really?

But when you dig into it, there's not one black-owned store in King County. Social equity licenses went out there last year or the beginning of this year. Everyone has reached out to the agency, LCB, and asked for help in making Seattle lax or get lax in some of their zoning. LCB has just been mute. No, nothing. They're not proactive.

If Ollie, I don't know what's going on, who's going to be the board chair, but I pray to God, it's not you. You've done nothing for the black community. It's just you've been in this position. So that's just my personal opinion.

Moving forward, you've always told us we can't live in the past. Well, the past was where the harms were harmed. So, we have to correct that. You can't overlook slavery. You can't overlook the war on drugs. If we overlook the past as Ollie wanted to, we wouldn't even have social equity now. Just think about that for a moment. My lawsuit alleged that we were past harm. The compromise was 2870. Think about that. So I do live in the past. So it's to correct the past. That's how you make the correction in the future. You just don't let it just keep going. So anyway, thank you very much.

Mike Asai

Oh, Good morning Board members Garrett and Vollendroff, Mike Asai, Vice President Black Excellence in Cannabis.

I find it funny. The former chair Postman had made comments months ago about don't make a comment about the Department of Commerce and the issues that we're going about. And then prior to two weeks ago, at the Board meeting, there was an email that was sent out saying, hey, heads up about some, you know, I forget exactly what it was. But basically, it was saying, hey, so you know what's going on with commerce.

So my point is that I'm talking about commerce because they're, they're moving the goal post again right now saying that you can't get extra funding that was supposed to be awarded to you until you spend the money. We just find that just once again, unfair and not the intent, the intent as all of you usually know, people are coming into this industry in essence broke. So they need money to open up for commerce to issue the funds.

And then for commerce now to move the goal post again and say, you got the spend this money, which thing is unfair? And we're not happy with launch and [something] a code as the coordinator with this whole thing as we voice our opinion on that. So we just like for the LCB to talk with commerce, talk with launch, let people get the money that they need without having to go through this back or forward and spend the money on this and that.

The mobility part, I did not touch on it during the public hearing because in essence, we see what the board is doing. We as our organization, we are happy with that verbiage because we believe that you are listening because once again, for those who are listening and those who have made comments, you have scores of 90, 131, 70, how dare you think that you can come to King County or come to Pierce County or Snohomish County, where people who have scores are 250, they can get a license in King County. So, you know, we think that's just a disrespect for you that think, you can now take your license of a score of 130 and move it. No, you cannot do that.

And the, and I'll take responsibility because at the grant session, I've told people to, hey, go read the rules for yourself. And those people read those rules and they said, oh, January 1, 2024, licenses can be mobile. That was not the intent. The intent was 2870.

Now, LCB, you're responsible for this debacle because what you should have did was when Inslee signed that and it was passed, May 1st, 2023, you should have done emergency rules to make all licenses mobile. Okay, at that time on the first round, well you didn't. But, hey, the way it is right now is this rule making that's in there. We're happy with that. Those people who think they can make their license mobile with scores of 130, absolutely not. Thank you.

Paula Sardinias

Chair Garrett and Member Vollendroff.

My name is Paula Sardinias and I represent FMS Global Strategies. 00:42:10.400 -- I'm glad to just add some context to this morning. We have been working in this industry since 2016. It was actually our firm as I was a commissioner with the Washington African American Commission on African American Affairs that worked with the LCB to bring forward the Cannabis Social Equity Policy. So I wanted to clear that up for the record.

That bill was brought in 42 days after we had heard numerous complaints from the industry about them not having equity. We worked on that policy as an LCB request piece of legislation under the leadership of board member Garrett and Eric Pettigrew was the sponsor of that bill. The intent of that bill because there's been some confusion here today was to make sure that we had 556 licenses under 5052 to give an opportunity to take at that time 38 licenses that were never issued or revoked and to have those licenses go out to folks in the community that were considered to be underserved.

What we have done since then is to make sure we've had listening sessions and we've heard from community about how we can make the social equity program more equitable. We have since then probably done about 13 to 14 different bills dealing with different issues. We have transformed the agency and made sure that enforcement is an agency that does education and not just over policing. We brought 5080 again as an LCB request bill, not a community request bill, community brought 2022 and it died. But that was legislation to make sure that we included producer/processors working with the agency to select the sponsors.

And so I think what we have today is a policy that continues to evolve or trying to make sure that the policy gets better. There are still opportunities to make social equity better and no one is saying the program is perfect. But Washington was one of the 4th or 5th states to create a program and the program still needs to have work. It was never intended that the state would solely fund social equity. No state has been able to do that. And I say that as someone who was the co-chair of the Social Equity Task Force.

What we need to do is to continue to hear from community and the legislators on how we can make the process more successful. But I absolutely support the mobility and having people be able to move their licenses. So thank you to the board. Thank you to the AG's office and we look forward to continue to work with you on this process. Thank you.

Sami Saad

I was on my way. I had accident, almost died. Last time coming nobody called me. Unfortunately the one she is making calling people she is being very rude last time. My message is very simple. Ms. Ollie Garrett. I call you and I support you a long time ago. I am the first pioneer. I have a license as medical license. Sami Saad is the first medical pioneer in Washington State. I am Muslim. I am African. It don't make me better. I am black. I am not African American but I am black just like you guys.

They call me the LCB when I apply. When they say we are going to close those locations. I am going to get you better. I am category one. They didn't get me a license to say it. They give to Uncle Ike's. I am not a [unintelligible] or nothing like that. I am mixed I am mixed with Israelites mixed with African reserve. But you guys give it to the white Israelites and now you guys lied to us about the supposed to be equity. You met with me you and Paula, Paula she is a great woman. She said she will help me. You said you will help me too. She listened to me publicly. You see thousands of people support Sami Saad. In Aleutian Center in Seattle.

You said you came to help the social equity. She really didn't help us. I am sorry to say this. What is his name? Your ex-boyfriend He has multiple licensing. That is against the law. Jim Buchanan, and he's the one who gets the money. He is the money. He gets 5 million [unintelligible] Who in Africa? How do you get money? Why don't you give the money? Are you

playing game? Second thing is you know it is only 8 license in Seattle and now you want to take the 8 license by mobility. You can have mobility anyway. It is only 8 license. We cannot even get locations. You guys make it. I want to give us a license or not.

I am almost driving now. I am not making it. I don't want to have my say. Because I am sick. Because I am coming over there. I do want to give us the only Sudanese American in this. I am the only one of the only Muslim people. Me and the twin. You guys didn't give the twin one of them to present the other one. He had a medical cannabis be both of them used to have cannabis dispensary. I have cannabis.

You said in King 5 news you have my name to help you guys. You have the time. You have to give me this chance. You have my name in king five news and you cannot go back. We need a license and we don't need the bank in in king county. You can have to be mobility anyway. Not in king county. Only 8 license in Seattle has been approved by the mayor. Bruce Harrell. Why do you want to bring us again? How are the people? Why do you want to give us a license the pioneer? Why do you don't want to give the pioneer more points? Give them the license first. The pioneers before the 16. You don't help them. Why you don't help them Ollie?



Notice of Permanent Rules – E2SSB 5080 – Social Equity in Cannabis Program

Concise Explanatory Statement

This concise explanatory statement concerns the Washington State Liquor and Cannabis Board's (LCB) adoption of rule amendments to the social equity in cannabis program ([WAC 314-55-570](#)) pursuant to [Engrossed Second Substitute Senate Bill \(E2SSB 5080\) \(chapter 220, Laws of 2023\)](#), related to expanding and improving the Social Equity in Cannabis Program.

The Administrative Procedure Act (RCW 34.05.325(6)) requires agencies to complete a concise explanatory statement before filing adopted rules with the Office of the Code Reviser. The concise explanatory statement must be provided to any person upon request, or from whom the LCB received comment.

The LCB appreciates and encourages your involvement in the rule making process. If you have questions, please e-mail at rules@lcb.wa.gov.

Background and reasons for adopting these rules:

This legislation builds upon existing efforts to address disparities and injustices caused by the war on drugs, particularly in communities disproportionately impacted by cannabis prohibition and enforcement.

The primary goal of the legislation is to further promote equity within the cannabis industry by providing increased opportunities for individuals from these affected communities to obtain a cannabis license. The legislation mandates the creation of rules that enhance the participation of social equity applicants in the legal cannabis market. It provides the Washington State Liquor and Cannabis Board (LCB or Board) with the authority to clarify eligibility criteria established in E2SSB 5080, develop a scoring system for applications, and establish procedures for the application and licensing. The legislation specifically calls for prioritizing applicants who have been disproportionately affected by the enforcement of cannabis related laws.

The scope of this rulemaking under the legislation includes expanding the eligibility criteria to encompass a broader range of individuals impacted by the war on drugs. Refining the application process to be more inclusive and accessible, and improving the verification methods for eligibility. This includes a clear framework for evaluating and scoring applications, setting requirements for ownership and control, and implementing measures to verify the eligibility of applicants. The rules also establish guidelines for using affidavits and other documentation to support claims of eligibility, ensuring that the process is both rigorous and accessible.

By leveraging statutory authority under E2SSB 5080, the LCB aims to create a more inclusive cannabis industry that reflects the diversity of Washington State and provides meaningful opportunities for those who have been most affected by past cannabis laws. This rulemaking effort seeks to expand and improve the Social Equity in Cannabis Program, ensuring it effectively addresses the economic and social disparities faced by marginalized communities.

Detailed explanation of what changes the proposed rule makes can be found with the supplemental CR-102 materials.

Rulemaking history for this adopted rule:

CR 101 – filed November 8, 2023, as [WSR #23-23-062](#)

CR 102 – filed August 6, 2024, as [WSR #24-16-130](#)

Public hearing held September 11, 2024

Supplemental CR 102 – filed October 23, 2024, as [WSR #24-21-169](#)

Public Hearing held December 4, 2024

The effective date of this amended rule is January 18, 2025.

Two public comments were submitted on the rule proposal in the time leading up to the public hearing:

1. Brett Walker, via email on November 14, 2024

Hello,

My name is Brett Walker, I was awarded a social equity license in the first round. Lewis county is my location. After a year and a half I still haven't found a viable location to open a store. I have been following the rule change proposals and the way I understand it now is that I will be able to move counties Jan 1st 2026 as long as I have a rubric score higher than the lowest score in the county I wish to move to. If that is the case I have questions, one being will I lose my grant money if I have to go this route? Two, will there be a list of all social equity scores to compare mine to so I can look for a new county? three, what if I were to choose a county where there are no social equity winners? Would I automatically be accepted there? Four, if I were to find a county and a location that fit all criteria would I be able to use my grant money before it expires on that location getting it ready for the mobility date of Jan 1 2026? I hope all of these questions will be considered and be provided with answers in the final draft of the rules as I know there are many of us having the same issues with getting a store open in our awarded counties.

Another comment I would like to add is that holding mobility until Jan 1st 2026 in my opinion is extreme. I understand the arguments for it but the social equity round one winners will be at 2.5 years of waiting at that point. We were deemed to be the most affected and by making us wait that long again we will be pushed once again to the back of the line. I have been diligently searching for a viable location in my awarded county and can prove that if necessary to no avail. My family and I were ecstatic to have won this opportunity but it has

turned from joy to despair. We are grateful for what this program aims to accomplish and that we can be a part of it. We just hope to truly be given the chance to succeed.

Thank you,
Brett Walker

LCB response: The Director of Policy and External Affairs responded to this comment via an email response on November 15, 2024, but to summarize the content of the response:

1. The LCB does not administer the grant funds and cannot address issues with grants. These issues are best addressed to the Department of Commerce.
2. The LCB plans to publicly post the lowest qualifying score for each county, so license holders who have not found a location can know what score is needed to transfer their license to that county. This information will be presented so that no private information about the score holder will be publicly available, other than the score itself. If the desired county had no social equity licensees, there would be no minimum score to beat, and the final rules would not prevent relocation to that county.
3. While recognizing the commenter's opposition to the January 2026 effective date, the scores from a previous application do not bar someone from applying again, following the qualification changes made to state law. If an individual applies during the next application window and is awarded a license, they will be able to locate the newly issued license to any city, town, or county in the state, while maintaining the ability to change the designated location of their existing social equity license which has not opened for operation effective January 2026.
4. A successful application in the next application window will not adversely impact a license that has already been awarded.

Was the comment reflected in the adopted rule? No.

2. Casey Calhoun, via email on November 21, 2024

To LCB Rules staff,

From Casey Calhoun, Owner, Canna Craft
Caseydean003@gmail.com

Subject: Verbal Comments given to the LCB Board on November 20, 2024, Support for License Mobility for all

Good morning, Chair Postman board members Garret, Volendroff and LCB staff, my name is Casey Calhoun, I am a holder of a preliminary letter of approval for a social equity license in Klickitat County.

I wanted to offer my verbal comments today on the proposed rules to implement SB 5080, specifically the issue of license mobility. I will also be submitting written comments on the same issue in greater detail.

Securing a license location continues to be a problem for many licensees and I am concerned by the proposed rules for license mobility and I'm concerned that the LCB is constructing rules that are in direct conflict with statute, in that, *RCW 69.50.335 (1)(e)(i)* statute reads that *ALL licenses issued under the social equity program under this section may be located in any city, town, or county in the state.*

The current proposed rules create two different license mobility structures that restrict mobility for the first round of applicants, which will in fact NOT allow for full state wide mobility as is the clear intent of the law, the legislative intent, the Social Equity Tasks Forces' Final report, and the majority of stakeholder feedback in the last survey.

There isn't 2870 applicants and 5080 applicants, there is only one social equity program. SB 5080 EXSPANDED the programs license mobility for all social equity applicants with no statute language for different license mobility requirements

I would request that the LCB amend the Supplemental CR 102 and re-adopt the previously license mobility language of 90 days after the next round closes, that original applicants may apply for a change in location anywhere in the state.

I understand that no matter what rule is adopted, not everyone will be pleased and I should say I could benefit from full state wide license mobility, however I am not requesting favoritism or special treatment, I am only asking that the board not adopt rules that conflict with clear current statute language.

The board has yet another complicated rule making decision but the choice is simple, choose the clear legislative intent and adopt state wide license mobility for all.

Thank you all for your time and thank you all for your commendable patience throughout this process.

Best regards,
Casey Calhoun
Caseydean003@gmail.com

LCB response: The comments are appreciated and thank you for your feedback. While recognizing the commenter's opposition to the January 2026 effective date, the scores from a previous application do not bar someone from applying again, following the qualification changes made to state law. If an individual applies during the next application window and is awarded a license, they will be able to establish the location of their new license, from the 2025 application window, immediately.

The 90-day window would not necessarily be enough time for successful applicants under the second application period to determine whether they could find a location.

Was the comment reflected in the adopted rule? No.

During the public hearing held December 4, 2024, Peter Manning provided the following testimony:

Good morning, Board chair. I'm not sure who's still in that position. Ollie Garrett or Jim Vollendroff, but good morning to the board chairs. My name is Peter Manning and president of Black excellence in Cannabis.

I would like to say that we are pleased with the rubric the way it stands. It initially was this way to begin with. You guys decided to change it for whatever reason and we pushed back on it, the community at large and you changed it back. And you know, I don't know if that considers a victory or do I consider this a stall tactic. I just, listen, I'm just, this is where I'm at. I just want equity to be equitable.

I want to having to stop coming up here to the LCB telling LCB, hey, black people need to be included in the industry. It's just crazy man. I've been doing this for almost 10 years, man. 10, 10 years. You know, it's frustrating because it's like you, if you know something's broken, you know how to fix it. And we know that the system was broken to begin with.

And you know, then you villainize the people that bring it that to a light, they become the villain of saying that there needs to be correction and that's not fair to them. You know, there's rumor has it that Peter and Mike, Black Excellence in Cannabis is somehow, is trying to commandeer 100-something licenses like really is that even doable? Let alone, we can't even open up.

And the LCB needs to kick in the gear and help out with that because they create this madness to begin with. And you know, I'd like to say also, there was a lawsuit filed, it has merit. It's picked up by a major law firm. And I look at it and just to do the discovery, it's just unbelievable. I alluded to it, but actually someone came along and did their due diligence and found out it's actually true. Whites were given preferential treatment over the black and browns when whites had no qualifications.

That's sad. And here we go. We're stuck here with no movement. And there was a lot of people that were harmed back in 2015. This agency owes a lot of explanation and they need to make up for that. There was families affected.

And it's sad that the regulatory agency that's supposed to represent the entire state of Washington and all the people overlooked the people that they most impacted and profited off of during the war on drugs. It's sad. It's sad. Thank you.

LCB Response: The LCB appreciates the testimony and supporting feedback for the rubric. The LCB is unable to respond to comments on any pending or ongoing litigation.

Was the comment reflected in the adopted rule? No.

During the public hearing held December 4, 2024, Mike Asai provided the following testimony:

Good morning, Board members Garrett and Vollendroff and community.

My name is Mike Asai with Black Excellence in Cannabis. I want to echo some things that Peter said. The rubric, I guess is what it originally should have been. So we in our

organization are happy there. But I want to touch on, and I hope Justin Nordhorn is listening and as well as a Daniel.

The certificate holders, okay, you understand. And I understand it was law in 5080. And we were working to get rid of that in law. But that is law, okay. The issue is that we're double dipping now with certificate holders. They can reinstate their license and then they can apply again. We think that's just truly unfair. They should only be able to reinstate their license because me and others as a social equity applicant, I can only apply once. But back in 2015, 2016, under Senate Bill 5052, you can apply three times. So, you know, LCB, you created this thing where, okay, we'll give you a license for social equity, which is going to apply once. We think that is just an unfair situation, unfair system that you're creating here. And we think you definitely need to look into that because it's not in law of 5080, that social equity can only, applicants can only apply once, okay. And it's showing there because you guys are allowed certificate holders to apply twice.

Now, the other thing is, the dispensary versus, just formerly own a dispensary or collective garden. We believe there's still manipulation that can be there. The intent is former dispensary owners. And, you know, I'm telling you right now, there was growers that got in under this last round. People that had a collective garden. I believe the intent is former dispensary owners. So, I'm not sure how the third party vendor's going to look at that because somebody comes in with their incorporation that had marijuana cannabis, collective garden, that could have been a grow. So, what is the process to ensure that we are prioritizing former dispensary owners, because this goes back to Senate Bill 5052, back in 2015.

That's pretty much it.

Oh, last thing. You're giving credit for those who applied for 2870, but they get across the finish line. Okay. Understood. What about those who applied in 2015, under Senate Bill 5052, that's put applications in, they had a priority one, two or three, but they did not get across the finish line. There should be some credit for that. Thank you.

LCB Response: The language about collective gardens has been in WAC 314-55-570 since it was initially written in 2022 and has not been previously identified as an area of concern. Additionally, Washington state law has never distinguished between collective gardens and dispensaries.

Regarding title certificate holders, the final rules reflect the established LCB policy on license mobility for title certificate holders, assuming they do not separately apply for social equity licenses. Title certificate holders are not prohibited from applying for a new social equity license. As social equity license applicants, they will have the same opportunity for license mobility as all social equity license applicants.

Was the comment reflected in the adopted rule? No.

Were any changes made between the proposed and final adopted rules? Yes, the below minor wording changes were made:

WAC 314-55-570 Social equity in cannabis program			
Section	Proposed Rule (CR 102)	Final Rule (CR 103)	Reason for Change
(4)(a)(i)(B)	... The social equity contractor reserves the right to verify the authenticity...	...The social equity contractor <u>may</u> verify the authenticity ...	Technical wording change without changing effect.
(4)(a)(ii)(B)			