



CR 103 Memorandum

Implementing Substitute Senate Bill 5376 regarding sales of cannabis waste

Date: March 12, 2025
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Background

The Liquor and Cannabis Board is amending [WAC 314-55-097](#) to implement Substitute Senate Bill (SSB) 5376 ([chapter 243, Laws of 2024](#)) related to the sale of cannabis waste. SSB 5376 was codified as [RCW 69.50.3255](#) and took effect on June 6, 2024.

SSB 5376 allows for a licensed cannabis producer or licensed cannabis processor to sell cannabis plant waste that has a THC concentration of 0.3% or less, such as cannabis plant roots, to a person who is not cannabis licensee under certain conditions.

Rule Necessity

Amendments are needed to make amendments to WAC 314-55-097 to implement SSB 5376 regarding allowing sale of cannabis waste by licensed cannabis producers and processor to persons who are not cannabis licensees.

Public Engagement

On September 4, 2024, the LCB held a virtual public stakeholder meeting regarding selling cannabis waste under SSB 5376. The September 4, 2024 meeting was recorded and the recording is available for viewing online at this [link](#). The September 4, 2024 stakeholder meeting also included a PowerPoint presentation on the rulemaking project that is available at this [link](#). Several licensees commented on topics including:

- Reporting a minimum price or price of \$0 for cannabis was sold from a licensee to a non-licensee.
- The continuing requirements to combine cannabis waste with inert material for disposal, and possible removing that requirement in the future through legislation.
- Other waste issues for cannabis licensees – electronic waste, packaging, etc.

- Allowances for cannabis licensees to sell their cannabis waste to other cannabis licensees, without grinding or mixing.
- Carbon footprint of cannabis production.
- Reporting requirements for sales of cannabis waste.

Description of Rule Changes

These permanent amendments make changes to WAC 315-55-097 to do the following:

- Update the title of the section to include cannabis waste sales.
- Define the term “sellable cannabis waste” for the purposes of WAC 314-55-097.
- Designate that “sellable cannabis waste” does not include “hemp” or “industrial hemp,” as defined in [RCW 15.140.020](#).
- Reiterate that cannabis plant material that has a THC concentration greater than 0.3 percent is considered cannabis under [RCW 69.50.101](#) and is therefore not eligible for designation as “sellable cannabis waste”.
- Require cannabis licensees and certified laboratories to evaluate cannabis waste consistent with both [chapters 70A.300 RCW](#) and [173-303 WAC](#) to determine if cannabis waste is designated as dangerous or hazardous as defined in those chapters. If the waste is designated as dangerous or hazardous as defined in chapters 70A.300 RCW or 173-303 WAC, it must be stored, managed, and disposed of consistent with those chapters.
- Designate the required conditions under which a cannabis producer or processor licensee may sell the “sellable cannabis waste” to a person who is not a cannabis licensee, including the following reporting:
 - Completing pre-sale notice to both the WSDA and LCB of “sellable cannabis waste”.
 - Reporting the quantity of sellable cannabis waste.
 - Reporting the sale price of the cannabis waste; and
 - The name and contact information of the buyer.
- Designate that the sale of sellable cannabis waste must be conducted in a manner that is open and accessible to all members of the public without discrimination.
- Designate that cannabis waste will not leave the state of Washington as part of the sale or delivery.
- Designate the required conditions under which a cannabis licensee may sell “sellable cannabis waste” to another cannabis licensee, including the following:
 - Both the selling and purchasing licensees must notify the LCB of the intended sale;

- The notice must identify:
 - The quantity of sellable cannabis waste;
 - The sale price; and
 - The intended use of the sellable cannabis waste.
- Both licensees must maintain accurate records of all sales of sellable cannabis waste;
- Such records shall be provided to LCB upon request.
- Reorganizes rule language concerning disposal guidelines and record keeping requirements for cannabis licensees.
- States that LCB can conduct inspections and audits to ensure compliance with the rule and provides that there may be penalties for non-compliance.
- Other minor edits for organization and rule clarity.

Differences between proposed rules (CR 102) and final rules (CR 103):

There were no changes to the proposed rules.

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.