



## Washington State Liquor and Cannabis Board

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**Topic:** Petition for Adoption, Amendment, or Repeal of a State Administrative Rule – Social Equity in Cannabis Program (WAC 314-55-570)

**Date:** November 5, 2025

**Presented by:** Daniel Jacobs, Policy & Rules Coordinator

### **Background**

On September 29, 2025, David Rose, on behalf of The Dutchie, LLC., submitted a petition for rulemaking to the Washington State Liquor and Cannabis Board (Board) requesting the Board initiate rulemaking to amend [WAC 314-55-570](#) on the social equity in cannabis program to allow social equity license holders “the unrestricted right to sell, transfer or otherwise convey their licenses or businesses to any person, group, or company of their choice, without limitation or restriction, provided that the transfer complies with all applicable State and federal laws.”

[Engrossed Second Substitute Senate Bill \(E2SSB 5080\) \(chapter 220, Laws of 2023\)](#), was passed during the 2023 legislative session to expand and improve the Social Equity in cannabis program. Rulemaking to implement this legislation began on November 8, 2023 and the rule changes were effective January 18, 2025. During the 2025 round for eligibility of the Social Equity Program, 880 registrants submitted materials for consideration to be an applicant for 69 available cannabis retail licenses.

### **Issue**

Whether the Board should accept the petition to initiate the rulemaking process to consider amending WAC 314-55-570 on the social equity in cannabis program.

### **Statutes & Regulations**

#### **Statutes**

[RCW 69.50.335](#) authorizes the creation of social equity licenses.

[RCW 69.50.342](#) and [RCW 69.50.345](#) identify the Board’s rulemaking authority over cannabis.

#### **Regulations**

[WAC 314-55-570](#) is the social equity in cannabis rule.

### **Analysis**

Rulemaking to implement E2SB 5080 began on November 8, 2023 and several rounds of surveys and stakeholder engagement occurred between then and the CR-102 initial filing in July 2024. Following further stakeholder feedback, a supplemental CR-102 was

filed in October 2024, with a public hearing held in December 2024, and final rules approved on December 18, 2024. All of this is laid out in the [Concise Explanatory Statement](#) and [CR-103 Memorandum](#) published with the final rule language.

During rulemaking, ten petitions for rulemaking were submitted to steer the course of the rulemaking. Between November 8, 2023, when the CR-101 was filed, and December 18, 2024, when the CR-103 was approved, 25 Board meetings occurred during which members of the public were able to, and frequently did, provide public feedback on the social equity in cannabis rulemaking project. Discussions during the rulemaking process did include topics related to the transferability of social equity licenses.

With an additional round of social equity license registration already opened and closed, and the LCB already engaging in 13 current rulemaking projects, it would not be an effective use of resources to reopen a complex and time-consuming rulemaking that already addressed the concerns raised by the petitioner.

If there is future legislative action, the LCB will engage in further social equity rulemaking at that time and pursuant to that direction.

### **Recommendation**

The Director's Office recommends the Board deny the petition to amend WAC 314-55-570 to modify the social equity in cannabis program due to the agency completing a comprehensive rulemaking process to amend WAC 314-55-570 to implement Engrossed Substitute Senate Bill 5080, which became effective January 18, 2025, as well as maintaining alignment with RCW 69.50.325(3)(b).

### **Board Action**

After considering the recommendation of Director's Office staff, the Board denies the petition for rulemaking submitted by David Rose on September 29, 2025.

|                                                                          |                                                                                                                              |                            |
|--------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| <input type="checkbox"/> Accept <input checked="" type="checkbox"/> Deny | <br>_____<br>Jim Vollendroff, Board Chair | <u>11/5/2025</u><br>Date   |
| <input type="checkbox"/> Accept <input checked="" type="checkbox"/> Deny | <br>_____<br>Ollie Garrett, Board Member | <u>11/5/2025</u><br>Date   |
| <input type="checkbox"/> Accept <input type="checkbox"/> Deny            | <br>_____<br>Pete Holmes, Board Member                                                                                       | <u>Not Present</u><br>Date |



## PETITION FOR ADOPTION, AMENDMENT, OR REPEAL OF A STATE ADMINISTRATIVE RULE

Print Form

In accordance with RCW 34.05.330, the Office of Financial Management (OFM) created this form for individuals or groups who wish to petition a state agency or institution of higher education to adopt, amend, or repeal an administrative rule. You may use this form to submit your request. You also may contact agencies using other formats, such as a letter or email.

The agency or institution will give full consideration to your petition and will respond to you within 60 days of receiving your petition. For more information on the rule petition process, see Chapter 82-05 of the Washington Administrative Code (WAC) at <http://apps.leg.wa.gov/wac/default.aspx?cite=82-05>.

### CONTACT INFORMATION *(please type or print)*

Petitioner's Name David Rose  
Name of Organization The Dutchie  
Mailing Address 6301 NE 44th Way  
City Vancouver State WA Zip Code 98661  
Telephone 503-516-0427 Email daverose23@gmail.com

### COMPLETING AND SENDING PETITION FORM

- Check all of the boxes that apply.
- Provide relevant examples.
- Include suggested language for a rule, if possible.
- Attach additional pages, if needed.
- Send your petition to the agency with authority to adopt or administer the rule. Here is a list of agencies and their rules coordinators: <http://www.leg.wa.gov/CodeReviser/Documents/RClst.htm>.

### INFORMATION ON RULE PETITION

Agency responsible for adopting or administering the rule: LCB

☐ **1. NEW RULE - I am requesting the agency to adopt a new rule.**

☐ The subject (or purpose) of this rule is: \_\_\_\_\_

☐ The rule is needed because: \_\_\_\_\_

☐ The new rule would affect the following people or groups: \_\_\_\_\_

☒ **2. AMEND RULE - I am requesting the agency to change an existing rule.**

List rule number (WAC), if known: RCW69.50.335, House Bill 2870, WAC 314.55.570 (8)(d)(ii), Under chapter 236

Please see attached letter.

☒ I am requesting the following change: \_\_\_\_\_

Please see attached letter.

☒ This change is needed because: \_\_\_\_\_

Please see attached letter.

☒ The effect of this rule change will be: \_\_\_\_\_

Please see attached letter.

☒ The rule is not clearly or simply stated: \_\_\_\_\_

☐ **3. REPEAL RULE - I am requesting the agency to eliminate an existing rule.**

List rule number (WAC), if known: \_\_\_\_\_

*(Check one or more boxes)*

☐ It does not do what it was intended to do.

☐ It is no longer needed because: \_\_\_\_\_

☐ It imposes unreasonable costs: \_\_\_\_\_

☐ The agency has no authority to make this rule: \_\_\_\_\_

☐ It is applied differently to public and private parties: \_\_\_\_\_

☐ It conflicts with another federal, state, or local law or rule. List conflicting law or rule, if known: \_\_\_\_\_

☐ It duplicates another federal, state or local law or rule. List duplicate law or rule, if known: \_\_\_\_\_

☐ Other (please explain): \_\_\_\_\_

**Rule Change Request:**

We respectfully request that the Washington State Liquor and Cannabis Board (LCB) amend its rules as follows:

**"Social equity license holders shall have the unrestricted right to sell, transfer, or otherwise convey their licenses or businesses to any person, group, or company of their choice, without limitation or restriction, provided that the transfer complies with all applicable State and federal laws. Cannabis retailers and license holders must be granted the same rights as other business owners under State and federal law to freely sell or transfer their company or license to any willing buyer or entity."**

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**Rationale:**

- This is a request for a formal amendment to ensure fairness for social equity participants.
- Cannabis retailers pay both state and federal taxes and therefore should be entitled to the same rights to buy, sell, and transfer their businesses as other licensed businesses.
- Our white counterparts currently have no such restrictions on their ability to sell their businesses. Social equity participants must be treated the same — no differently — in order to ensure true equity and fairness.
- This change ensures that social equity license holders are treated fairly and equitably, with the same rights to dispose of their property or business interests as other entrepreneurs.
- It promotes economic mobility and allows social equity participants to fully realize the value of their business efforts.
- Federal business law recognizes the right of individuals and companies to sell their businesses to any lawful party. Aligning state rules with federal law will provide clarity and consistency.
- Removing restrictions fosters a competitive, open market and creates more opportunities for new investment and growth within the cannabis industry.

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The ability for Social Equity Cannabis Licensees to sell their businesses without stipulations of social equity eligibility is likely a **legislative matter** due to the language in **RCW 69.50.335**.

- Considerations regarding **mobility for Social Equity Applicants under House Bill 2870**, without the requirement of exceeding the lowest score in that county, may be addressed by the Board through rulemaking.
- For **unselected or remaining license allotments** in counties where fewer licenses were applied for than allotted, WAC 314.55.570 (8)(d)(ii) provides the following guidance regarding mobility:

**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.

For counties without scores or where no licenses were allotted under HB 2870, an applicant might consider those areas for relocation, if appropriate.

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**Conclusion:**

We respectfully urge the Board to adopt this rule change to align state rules with federal business rights, provide clarity, and ensure true equity for social equity licensees. We look forward to working collaboratively to create a fair, business-friendly cannabis regulatory framework that promotes growth, opportunity, and parity for all participants.

**Respectfully submitted,**

David Rose  
The Dutchie

**From:** [David Rose](#)  
**To:** [LCB DL Rules](#)  
**Subject:** Rule Amendment  
**Date:** Sunday, September 28, 2025 6:35:17 PM  
**Attachments:** [Rose.David Petition Form.pdf](#)  
[Rule Change Request 928.pdf](#)

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External Email

**Subject:** Social Equity Program – Request for Improvements

Hello Board Members,

I am coming to you today with some concerns about our Social Equity Program and its current operation. My goal is to work with you to identify ways we can improve the program and remove some of the obstacles participants are facing.

The changes I have outlined could help every participant in the program find success in a way that best suits their goals and circumstances. This Board has the power and opportunity to make meaningful, positive changes that truly fulfill the promise of social equity.

Thank you for your time, your work, and your consideration of these proposed improvements.

Respectfully,  
David Rose

CERTIFICATION OF ENROLLMENT

**ENGROSSED SECOND SUBSTITUTE SENATE BILL 5080**

Chapter 220, Laws of 2023

68th Legislature  
2023 Regular Session

SOCIAL EQUITY IN CANNABIS PROGRAM—VARIOUS PROVISIONS

EFFECTIVE DATE: July 23, 2023—Except for section 5, which takes effect July 1, 2024.

Passed by the Senate April 13, 2023  
Yeas 31    Nays 16

DENNY HECK

**President of the Senate**

Passed by the House April 10, 2023  
Yeas 60    Nays 38

LAURIE JINKINS

**Speaker of the House of  
Representatives**

Approved May 1, 2023 3:22 PM

JAY INSLEE

**Governor of the State of Washington**

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE SENATE BILL 5080** as passed by the Senate and the House of Representatives on the dates hereon set forth.

SARAH BANNISTER

**Secretary**

FILED

May 2, 2023

**Secretary of State  
State of Washington**

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ENGROSSED SECOND SUBSTITUTE SENATE BILL 5080

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AS AMENDED BY THE HOUSE

Passed Legislature - 2023 Regular Session

State of Washington

68th Legislature

2023 Regular Session

By Senate Ways & Means (originally sponsored by Senators Saldaña, Conway, Frame, Hasegawa, Kuderer, Lovelett, Nguyen, Nobles, and Stanford; by request of Liquor and Cannabis Board)

READ FIRST TIME 02/22/23.

1 AN ACT Relating to expanding and improving the social equity in  
2 cannabis program; amending RCW 43.330.540, 69.50.331, 69.50.335,  
3 69.50.345, and 69.50.345; reenacting and amending RCW 69.50.101;  
4 creating a new section; providing an effective date; and providing an  
5 expiration date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 **Sec. 1.** RCW 43.330.540 and 2022 c 16 s 36 are each amended to  
8 read as follows:

9 (1) The cannabis social equity technical assistance grant program  
10 is established and is to be administered by the department.

11 (2)(a) The cannabis social equity technical assistance grant  
12 program must award grants to:

13 (i) Cannabis license applicants who are social equity applicants  
14 as defined in RCW 69.50.335 submitting social equity plans (~~under~~  
15 ~~RCW 69.50.335~~) as defined in RCW 69.50.101; and

16 (ii) Cannabis licensees holding a license issued after (~~June 30,~~  
17 ~~2020, and before July 25, 2021~~) April 1, 2023, and before July 1,  
18 2024, who meet the social equity applicant criteria under RCW  
19 69.50.335.

20 (b) Grant recipients under this subsection (2) must demonstrate  
21 completion of their project within 12 months of receiving a grant,

1 unless a grant recipient requests, and the department approves,  
2 additional time to complete the project.

3 (3) The department must award grants primarily based on the  
4 strength of the social equity plans submitted by cannabis license  
5 applicants and cannabis licensees holding a license issued after  
6 ~~((June 30, 2020))~~ April 1, 2023, and before ~~((July 25, 2021))~~ July 1,  
7 2024, but may also consider additional criteria if deemed necessary  
8 or appropriate by the department. Technical assistance activities  
9 eligible for funding include, but are not limited to:

10 (a) Assistance navigating the cannabis licensure process;

11 (b) Cannabis-business specific education and business plan  
12 development;

13 (c) Regulatory compliance training;

14 (d) Financial management training and assistance in seeking  
15 financing;

16 (e) Strengthening a social equity plan as defined in RCW  
17 69.50.101; and

18 (f) Connecting social equity applicants with established industry  
19 members and tribal cannabis enterprises and programs for mentoring  
20 and other forms of support.

21 (4) The department may contract to establish a roster of mentors  
22 who are available to support and advise social equity applicants and  
23 current licensees who meet the social equity applicant criteria under  
24 RCW 69.50.335. Contractors under this section must:

25 (a) Have knowledge and experience demonstrating their ability to  
26 effectively advise eligible applicants and licensees in navigating  
27 the state's licensing and regulatory framework or on producing and  
28 processing cannabis;

29 (b) Be a business that is at least 51 percent minority or woman-  
30 owned; and

31 (c) Meet department reporting and invoicing requirements.

32 (5) Funding for the cannabis social equity technical assistance  
33 grant program must be provided ~~((through the dedicated cannabis~~  
34 ~~account))~~ under RCW 69.50.540. Additionally, the department may  
35 solicit, receive, and expend private contributions to support the  
36 grant program.

37 (6) The department may adopt rules to implement this section.

38 (7) For the purposes of this section, "cannabis" has the meaning  
39 provided under RCW 69.50.101.

1       **Sec. 2.** RCW 69.50.331 and 2022 c 16 s 58 are each amended to  
2 read as follows:

3       (1) For the purpose of considering any application for a license  
4 to produce, process, research, transport, or deliver cannabis,  
5 useable cannabis, cannabis concentrates, or cannabis-infused products  
6 subject to the regulations established under RCW 69.50.385, or sell  
7 cannabis, or for the renewal of a license to produce, process,  
8 research, transport, or deliver cannabis, useable cannabis, cannabis  
9 concentrates, or cannabis-infused products subject to the regulations  
10 established under RCW 69.50.385, or sell cannabis, the board must  
11 conduct a comprehensive, fair, and impartial evaluation of the  
12 applications timely received.

13       (a) The board may cause an inspection of the premises to be made,  
14 and may inquire into all matters in connection with the construction  
15 and operation of the premises. For the purpose of reviewing any  
16 application for a license and for considering the denial, suspension,  
17 revocation, cancellation, or renewal or denial thereof, of any  
18 license, the board may consider any prior criminal arrests or  
19 convictions of the applicant, any public safety administrative  
20 violation history record with the board, and a criminal history  
21 record information check. The board may submit the criminal history  
22 record information check to the Washington state patrol and to the  
23 identification division of the federal bureau of investigation in  
24 order that these agencies may search their records for prior arrests  
25 and convictions of the individual or individuals who filled out the  
26 forms. The board must require fingerprinting of any applicant whose  
27 criminal history record information check is submitted to the federal  
28 bureau of investigation. The provisions of RCW 9.95.240 and of  
29 chapter 9.96A RCW do not apply to these cases. Subject to the  
30 provisions of this section, the board may, in its discretion, grant  
31 or deny the renewal or license applied for. Denial may be based on,  
32 without limitation, the existence of chronic illegal activity  
33 documented in objections submitted pursuant to subsections (7)(c) and  
34 (10) of this section. Authority to approve an uncontested or  
35 unopposed license may be granted by the board to any staff member the  
36 board designates in writing. Conditions for granting this authority  
37 must be adopted by rule.

38       (b) No license of any kind may be issued to:

39       (i) A person under the age of (~~(twenty-one)~~) 21 years;

1 (ii) A person doing business as a sole proprietor who has not  
2 lawfully resided in the state for at least six months prior to  
3 applying to receive a license;

4 (iii) A partnership, employee cooperative, association, nonprofit  
5 corporation, or corporation unless formed under the laws of this  
6 state, and unless all of the members thereof are qualified to obtain  
7 a license as provided in this section; or

8 (iv) A person whose place of business is conducted by a manager  
9 or agent, unless the manager or agent possesses the same  
10 qualifications required of the licensee.

11 (2)(a) The board may, in its discretion, subject to RCW  
12 43.05.160, 69.50.563, 69.50.562, 69.50.334, and 69.50.342(3) suspend  
13 or cancel any license; and all protections of the licensee from  
14 criminal or civil sanctions under state law for producing,  
15 processing, researching, or selling cannabis, cannabis concentrates,  
16 useable cannabis, or cannabis-infused products thereunder must be  
17 suspended or terminated, as the case may be.

18 (b) The board must immediately suspend the license of a person  
19 who has been certified pursuant to RCW 74.20A.320 by the department  
20 of social and health services as a person who is not in compliance  
21 with a support order. If the person has continued to meet all other  
22 requirements for reinstatement during the suspension, reissuance of  
23 the license is automatic upon the board's receipt of a release issued  
24 by the department of social and health services stating that the  
25 licensee is in compliance with the order.

26 (c) The board may request the appointment of administrative law  
27 judges under chapter 34.12 RCW who shall have power to administer  
28 oaths, issue subpoenas for the attendance of witnesses and the  
29 production of papers, books, accounts, documents, and testimony,  
30 examine witnesses, receive testimony in any inquiry, investigation,  
31 hearing, or proceeding in any part of the state, and consider  
32 mitigating and aggravating circumstances in any case and deviate from  
33 any prescribed penalty, under rules the board may adopt.

34 (d) Witnesses must be allowed fees and mileage each way to and  
35 from any inquiry, investigation, hearing, or proceeding at the rate  
36 authorized by RCW 34.05.446. Fees need not be paid in advance of  
37 appearance of witnesses to testify or to produce books, records, or  
38 other legal evidence.

39 (e) In case of disobedience of any person to comply with the  
40 order of the board or a subpoena issued by the board, or any of its

1 members, or administrative law judges, or on the refusal of a witness  
2 to testify to any matter regarding which he or she may be lawfully  
3 interrogated, the judge of the superior court of the county in which  
4 the person resides, on application of any member of the board or  
5 administrative law judge, compels obedience by contempt proceedings,  
6 as in the case of disobedience of the requirements of a subpoena  
7 issued from said court or a refusal to testify therein.

8 (3) Upon receipt of notice of the suspension or cancellation of a  
9 license, the licensee must forthwith deliver up the license to the  
10 board. Where the license has been suspended only, the board must  
11 return the license to the licensee at the expiration or termination  
12 of the period of suspension. The board must notify all other  
13 licensees in the county where the subject licensee has its premises  
14 of the suspension or cancellation of the license; and no other  
15 licensee or employee of another licensee may allow or cause any  
16 cannabis, cannabis concentrates, useable cannabis, or cannabis-  
17 infused products to be delivered to or for any person at the premises  
18 of the subject licensee.

19 (4) Every license issued under this chapter is subject to all  
20 conditions and restrictions imposed by this chapter or by rules  
21 adopted by the board to implement and enforce this chapter. All  
22 conditions and restrictions imposed by the board in the issuance of  
23 an individual license must be listed on the face of the individual  
24 license along with the trade name, address, and expiration date.

25 (5) Every licensee must post and keep posted its license, or  
26 licenses, in a conspicuous place on the premises.

27 (6) No licensee may employ any person under the age of (~~((twenty-~~  
28 ~~one))~~) 21 years.

29 (7)(a) Before the board issues a new or renewed license to an  
30 applicant it must give notice of the application to the chief  
31 executive officer of the incorporated city or town, if the  
32 application is for a license within an incorporated city or town, or  
33 to the county legislative authority, if the application is for a  
34 license outside the boundaries of incorporated cities or towns, or to  
35 the tribal government if the application is for a license within  
36 Indian country, or to the port authority if the application for a  
37 license is located on property owned by a port authority.

38 (b) The incorporated city or town through the official or  
39 employee selected by it, the county legislative authority or the  
40 official or employee selected by it, the tribal government, or port

1 authority has the right to file with the board within twenty days  
2 after the date of transmittal of the notice for applications, or at  
3 least thirty days prior to the expiration date for renewals, written  
4 objections against the applicant or against the premises for which  
5 the new or renewed license is asked. The board may extend the time  
6 period for submitting written objections upon request from the  
7 authority notified by the board.

8 (c) The written objections must include a statement of all facts  
9 upon which the objections are based, and in case written objections  
10 are filed, the city or town or county legislative authority may  
11 request, and the board may in its discretion hold, a hearing subject  
12 to the applicable provisions of Title 34 RCW. If the board makes an  
13 initial decision to deny a license or renewal based on the written  
14 objections of an incorporated city or town or county legislative  
15 authority, the applicant may request a hearing subject to the  
16 applicable provisions of Title 34 RCW. If a hearing is held at the  
17 request of the applicant, board representatives must present and  
18 defend the board's initial decision to deny a license or renewal.

19 (d) Upon the granting of a license under this title the board  
20 must send written notification to the chief executive officer of the  
21 incorporated city or town in which the license is granted, or to the  
22 county legislative authority if the license is granted outside the  
23 boundaries of incorporated cities or towns.

24 (8)(a) Except as provided in (b) through (e) of this subsection,  
25 the board may not issue a license for any premises within (~~one~~  
26 ~~thousand~~) 1,000 feet of the perimeter of the grounds of any  
27 elementary or secondary school, playground, recreation center or  
28 facility, child care center, public park, public transit center, or  
29 library, or any game arcade admission to which is not restricted to  
30 persons aged (~~twenty-one~~) 21 years or older.

31 (b) A city, county, or town may permit the licensing of premises  
32 within (~~one-thousand~~) 1,000 feet but not less than (~~one-hundred~~)  
33 100 feet of the facilities described in (a) of this subsection,  
34 except elementary schools, secondary schools, and playgrounds, by  
35 enacting an ordinance authorizing such distance reduction, provided  
36 that such distance reduction will not negatively impact the  
37 jurisdiction's civil regulatory enforcement, criminal law enforcement  
38 interests, public safety, or public health.

39 (c) A city, county, or town may permit the licensing of research  
40 premises allowed under RCW 69.50.372 within (~~one-thousand~~) 1,000

1 feet but not less than (~~one hundred~~) 100 feet of the facilities  
2 described in (a) of this subsection by enacting an ordinance  
3 authorizing such distance reduction, provided that the ordinance will  
4 not negatively impact the jurisdiction's civil regulatory  
5 enforcement, criminal law enforcement, public safety, or public  
6 health.

7 (d) The board may license premises located in compliance with the  
8 distance requirements set in an ordinance adopted under (b) or (c) of  
9 this subsection. Before issuing or renewing a research license for  
10 premises within (~~one thousand~~) 1,000 feet but not less than (~~one~~  
11 ~~hundred~~) 100 feet of an elementary school, secondary school, or  
12 playground in compliance with an ordinance passed pursuant to (c) of  
13 this subsection, the board must ensure that the facility:

14 (i) Meets a security standard exceeding that which applies to  
15 cannabis producer, processor, or retailer licensees;

16 (ii) Is inaccessible to the public and no part of the operation  
17 of the facility is in view of the general public; and

18 (iii) Bears no advertising or signage indicating that it is a  
19 cannabis research facility.

20 (e) The board must issue a certificate of compliance if the  
21 premises met the requirements under (a), (b), (c), or (d) of this  
22 subsection on the date of the application. The certificate allows the  
23 licensee to operate the business at the proposed location  
24 notwithstanding a later occurring, otherwise disqualifying factor.

25 (f) The board may not issue a license for any premises within  
26 Indian country, as defined in 18 U.S.C. Sec. 1151, including any fee  
27 patent lands within the exterior boundaries of a reservation, without  
28 the consent of the federally recognized tribe associated with the  
29 reservation or Indian country.

30 (9) A city, town, or county may adopt an ordinance prohibiting a  
31 cannabis producer or cannabis processor from operating or locating a  
32 business within areas zoned primarily for residential use or rural  
33 use with a minimum lot size of five acres or smaller.

34 (10) In determining whether to grant or deny a license or renewal  
35 of any license, the board must give substantial weight to objections  
36 from an incorporated city or town or county legislative authority  
37 based upon chronic illegal activity associated with the applicant's  
38 operations of the premises proposed to be licensed or the applicant's  
39 operation of any other licensed premises, or the conduct of the  
40 applicant's patrons inside or outside the licensed premises. "Chronic

1 illegal activity" means (a) a pervasive pattern of activity that  
2 threatens the public health, safety, and welfare of the city, town,  
3 or county including, but not limited to, open container violations,  
4 assaults, disturbances, disorderly conduct, or other criminal law  
5 violations, or as documented in crime statistics, police reports,  
6 emergency medical response data, calls for service, field data, or  
7 similar records of a law enforcement agency for the city, town,  
8 county, or any other municipal corporation or any state agency; or  
9 (b) an unreasonably high number of citations for violations of RCW  
10 46.61.502 associated with the applicant's or licensee's operation of  
11 any licensed premises as indicated by the reported statements given  
12 to law enforcement upon arrest.

13 (11) The board may not issue a cannabis retail license for any  
14 premises not currently licensed if:

15 (a) The board receives a written objection from the legislative  
16 authority of an incorporated city or town, or county legislative  
17 authority, relating to the physical location of the proposed  
18 premises;

19 (b) The objection to the location from the incorporated city or  
20 town, or county legislative authority, is received by the board  
21 within 20 days of the board notifying the incorporated city or town,  
22 or county legislative authority, of the proposed cannabis retail  
23 location; and

24 (c) The objection to the issuance of a cannabis retail license at  
25 the specified location is based on a preexisting local ordinance  
26 limiting outlet density in a specific geographic area. For purposes  
27 of this subsection (11), a preexisting local ordinance is an  
28 ordinance enacted and in effect before the date the applicant submits  
29 an application for a cannabis retail license to the board identifying  
30 the premises proposed to be licensed. No objection related to the  
31 physical location of a proposed premises may be made by a local  
32 government under this subsection (11) based on a local ordinance  
33 enacted after the date the applicant submits an application for a  
34 cannabis retail license to the board identifying the premises  
35 proposed to be licensed.

36 (12) After January 1, 2024, all cannabis licensees are encouraged  
37 but are not required to submit a social equity plan to the board.  
38 Upon confirmation by the board that a cannabis licensee who is not a  
39 social equity applicant, and who does not hold a social equity  
40 license issued under RCW 69.50.335, has submitted a social equity

1 plan, the board must within 30 days reimburse such a licensee an  
2 amount equal to the cost of the licensee's annual cannabis license  
3 renewal fee. The license renewal fee reimbursement authorized under  
4 this subsection is subject to the following limitations:

5 (a) The board may provide reimbursement one time only to any  
6 licensed entity; and

7 (b) Any licensed entity holding more than one cannabis license is  
8 eligible for reimbursement of the license renewal fee on only one  
9 license.

10 **Sec. 3.** RCW 69.50.335 and 2022 c 16 s 60 are each amended to  
11 read as follows:

12 (1)(a) Beginning December 1, 2020, and until July 1, ((2029))  
13 2032, cannabis retailer licenses, cannabis processor licenses, and  
14 cannabis producer licenses that have been subject to forfeiture,  
15 revocation, or cancellation by the board, or cannabis retailer  
16 licenses that were not previously issued by the board but could have  
17 been issued without exceeding the limit on the statewide number of  
18 cannabis retailer licenses established before January 1, 2020, by the  
19 board, may be issued or reissued to an applicant who meets the  
20 cannabis retailer license, cannabis processor license, or cannabis  
21 producer license requirements of this chapter.

22 (b) In accordance with (a) of this subsection, the board may  
23 issue or reissue:

24 (i) Up to 100 cannabis processor licenses immediately; and

25 (ii) Beginning January 1, 2025, up to 10 cannabis producer  
26 licenses, which must be issued in conjunction with a cannabis  
27 processor license.

28 (c) In addition to the cannabis retailer licenses and cannabis  
29 producer licenses that may be issued under (a) and (b) of this  
30 subsection, beginning January 1, 2023, and continuing every three  
31 years until July 1, 2032, the board may, with the approval of the  
32 legislature through the passage of a bill, increase the number of  
33 cannabis retailer licenses and cannabis producer licenses for the  
34 social equity program based on:

35 (i) The most recent census data available as of January 1, 2023;  
36 and

37 (ii) The annual population estimates published by the office of  
38 financial management.

1 (d) In addition to the cannabis retailer licenses that may be  
2 issued under (a) of this subsection, beginning January 1, 2024, and  
3 until July 1, 2032, the board may issue up to 52 cannabis retailer  
4 licenses for the social equity program.

5 (e)(i) At the time of licensure, all licenses issued under the  
6 social equity program under this section may be located in any city,  
7 town, or county in the state that allows cannabis retail, cannabis  
8 production, or cannabis processing business activities, as  
9 applicable, at the proposed location, regardless of:

10 (A) Whether a cannabis retailer license, cannabis producer  
11 license, or cannabis processor license was originally allocated to or  
12 issued in another city, town, or county; and

13 (B) The maximum number of retail cannabis licenses established by  
14 the board for each county under RCW 69.50.345.

15 (ii) The board must adopt rules establishing a threshold of the  
16 number of licenses created by this section that can be located in  
17 each county.

18 (f) After a social equity license has been issued under this  
19 section for a specific location, the location of the licensed  
20 business may not be moved to a city, town, or county different from  
21 the city, town, or county for which it was initially licensed.

22 (2)(a) In order to be considered for a ((~~retail~~)) cannabis  
23 retailer license, cannabis processor license, or cannabis producer  
24 license under subsection (1) of this section, an applicant must be a  
25 social equity applicant and submit ((a social equity plan along with  
26 other cannabis retailer license application requirements)) required  
27 cannabis license materials to the board. If the application proposes  
28 ownership by more than one person, then at least ((~~fifty-one~~)) 51  
29 percent of the proposed ownership structure must reflect the  
30 qualifications of a social equity applicant.

31 (b) Persons holding an existing cannabis retailer license or  
32 title certificate for a cannabis retailer business in a local  
33 jurisdiction subject to a ban or moratorium on cannabis retail  
34 businesses may apply for a license under this section.

35 (3)(a) In determining the priority for issuance of a license  
36 among applicants, the board ((may prioritize applicants based on the  
37 extent to which the application addresses the components of the  
38 social equity plan)) must select a third-party contractor to identify  
39 and score social equity applicants, using a scoring rubric developed

1 by the board. The board must rely on the score provided by the third-  
2 party contractor in issuing licenses.

3 (b) The board may deny any application submitted under this  
4 subsection if ~~((the))~~:

5 (i) The board determines that~~((~~

6 ~~(i) The application does not meet social equity goals or does not~~  
7 ~~meet social equity plan requirements; or~~

8 ~~(ii) The application does not otherwise meet the licensing~~  
9 ~~requirements of this chapter))~~, upon the advice of the third-party  
10 contractor, the application does not meet the social equity licensing  
11 requirements of this chapter; or

12 (ii) The board determines the application does not otherwise meet  
13 licensing requirements.

14 (4) The board ~~((may))~~ must adopt rules to implement this section.  
15 ~~((Rules may include strategies for receiving))~~ Prior to adopting any  
16 rule implementing this section, the board must consider advice on the  
17 social equity program from individuals the program is intended to  
18 benefit. Rules may also require that licenses awarded under this  
19 section only be transferred to or ~~((sold only to))~~ assumed by  
20 individuals or groups of individuals who comply with the requirements  
21 for initial licensure as a social equity applicant ~~((with a social~~  
22 ~~equity plan under this section))~~ for a period of at least five years  
23 from the date of initial licensure.

24 (5) The annual fee for issuance, reissuance, or renewal for any  
25 license under this section must be ~~((equal to the fee established in~~  
26 ~~RCW 69.50.325))~~ waived through July 1, 2032.

27 (6) ~~((For the purposes of this section:))~~ The definitions in this  
28 subsection apply throughout this section unless the context clearly  
29 requires otherwise.

30 (a) "Disproportionately impacted area" means a census tract or  
31 comparable geographic area ~~((that satisfies the following criteria,~~  
32 ~~which may be further defined in rule by the board after consultation~~  
33 ~~with the commission on African American affairs and other agencies,~~  
34 ~~commissions, and community members as determined by the board:~~

35 ~~(i) The area has a high poverty rate;~~

36 ~~(ii) The area has a high rate of participation in income-based~~  
37 ~~federal or state programs))~~ within Washington state where community  
38 members were more likely to be impacted by the war on drugs. These  
39 areas must be determined in rule by the board, in consultation with  
40 the office of equity, using a standardized statistical equation to

1 identify areas with demographic indicators consistent with  
2 populations most impacted by the war on drugs. These areas must be  
3 assessed to account for demographic changes in the composition of the  
4 population over time. Disproportionately impacted areas must include  
5 census tracts or comparable geographic areas in the top 15th  
6 percentile in at least two of the following demographic indicators of  
7 populations most impacted by the war on drugs:

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

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

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

13 (iv) The area has a high rate of ((arrest, conviction, or  
14 incarceration related to the sale, possession, use, cultivation,  
15 manufacture, or transport of cannabis)) people receiving public  
16 assistance.

17 (b) "Social equity applicant" means((÷

18 ~~(i) An applicant who has at least fifty-one percent ownership and~~  
19 ~~control by one or more individuals who have resided in a~~  
20 ~~disproportionately impacted area for a period of time defined in rule~~  
21 ~~by the board after consultation with the commission on African~~  
22 ~~American affairs and other commissions, agencies, and community~~  
23 ~~members as determined by the board;~~

24 ~~(ii) An applicant who has at least fifty-one percent ownership~~  
25 ~~and control by at least one individual who has been convicted of a~~  
26 ~~cannabis offense, a drug offense, or is a family member of such an~~  
27 ~~individual; or~~

28 ~~(iii) An applicant who meets criteria defined in rule by the~~  
29 ~~board after consultation with the commission on African American~~  
30 ~~affairs and other commissions, agencies, and community members as~~  
31 ~~determined by the board)) an applicant who has at least 51 percent~~  
32 ownership and control by one or more individuals who meet at least  
33 two of the following qualifications:

34 (i) Lived in a disproportionately impacted area in Washington  
35 state for a minimum of five years between 1980 and 2010;

36 (ii) Has been arrested or convicted of a cannabis offense or has  
37 a family member who has been arrested or convicted of a cannabis  
38 offense;

39 (iii) Had a household income in the year prior to submitting an  
40 application under this section that was less than the median

1 household income within the state of Washington as calculated by the  
2 United States census bureau; or

3 (iv) Is both a socially and economically disadvantaged individual  
4 as defined by the office of minority and women's business enterprises  
5 under chapter 39.19 RCW.

6 (c) "Social equity goals" means:

7 (i) Increasing the number of cannabis retailer, producer, and  
8 processor licenses held by social equity applicants from  
9 disproportionately impacted areas; and

10 (ii) Reducing accumulated harm suffered by individuals, families,  
11 and local areas subject to severe impacts from the historical  
12 application and enforcement of cannabis prohibition laws.

13 ~~((d) "Social equity plan" means a plan that addresses at least~~  
14 ~~some of the elements outlined in this subsection (6) (d), along with~~  
15 ~~any additional plan components or requirements approved by the board~~  
16 ~~following consultation with the task force created in RCW 69.50.336.~~  
17 ~~The plan may include:~~

18 ~~(i) A statement that the social equity applicant qualifies as a~~  
19 ~~social equity applicant and intends to own at least fifty-one percent~~  
20 ~~of the proposed cannabis retail business or applicants representing~~  
21 ~~at least fifty-one percent of the ownership of the proposed business~~  
22 ~~qualify as social equity applicants;~~

23 ~~(ii) A description of how issuing a cannabis retail license to~~  
24 ~~the social equity applicant will meet social equity goals;~~

25 ~~(iii) The social equity applicant's personal or family history~~  
26 ~~with the criminal justice system including any offenses involving~~  
27 ~~cannabis;~~

28 ~~(iv) The composition of the workforce the social equity applicant~~  
29 ~~intends to hire;~~

30 ~~(v) Neighborhood characteristics of the location where the social~~  
31 ~~equity applicant intends to operate, focusing especially on~~  
32 ~~disproportionately impacted areas; and~~

33 ~~(vi) Business plans involving partnerships or assistance to~~  
34 ~~organizations or residents with connection to populations with a~~  
35 ~~history of high rates of enforcement of cannabis prohibition.))~~

36 (7) Except for the process detailed in subsection (1) of this  
37 section, the process for creating new cannabis retail licenses under  
38 this chapter remains unaltered.

1       **Sec. 4.** RCW 69.50.345 and 2022 c 16 s 64 are each amended to  
2 read as follows:

3       The board, subject to the provisions of this chapter, must adopt  
4 rules that establish the procedures and criteria necessary to  
5 implement the following:

6       (1) Licensing of cannabis producers, cannabis processors, and  
7 cannabis retailers, including prescribing forms and establishing  
8 application, reinstatement, and renewal fees.

9       (a) Application forms for cannabis producers must request the  
10 applicant to state whether the applicant intends to produce cannabis  
11 for sale by cannabis retailers holding medical cannabis endorsements  
12 and the amount of or percentage of canopy the applicant intends to  
13 commit to growing plants determined by the department under RCW  
14 69.50.375 to be of a THC concentration, CBD concentration, or THC to  
15 CBD ratio appropriate for cannabis concentrates, useable cannabis, or  
16 cannabis-infused products sold to qualifying patients.

17       (b) The board must reconsider and increase limits on the amount  
18 of square feet permitted to be in production on July 24, 2015, and  
19 increase the percentage of production space for those cannabis  
20 producers who intend to grow plants for cannabis retailers holding  
21 medical cannabis endorsements if the cannabis producer designates the  
22 increased production space to plants determined by the department  
23 under RCW 69.50.375 to be of a THC concentration, CBD concentration,  
24 or THC to CBD ratio appropriate for cannabis concentrates, useable  
25 cannabis, or cannabis-infused products to be sold to qualifying  
26 patients. If current cannabis producers do not use all the increased  
27 production space, the board may reopen the license period for new  
28 cannabis producer license applicants but only to those cannabis  
29 producers who agree to grow plants for cannabis retailers holding  
30 medical cannabis endorsements. Priority in licensing must be given to  
31 cannabis producer license applicants who have an application pending  
32 on July 24, 2015, but who are not yet licensed and then to new  
33 cannabis producer license applicants. After January 1, 2017, any  
34 reconsideration of the limits on the amount of square feet permitted  
35 to be in production to meet the medical needs of qualifying patients  
36 must consider information contained in the medical cannabis  
37 authorization database established in RCW 69.51A.230;

38       (2) ~~((Determining))~~ (a) Except as provided in RCW 69.50.335,  
39 determining, in consultation with the office of financial management,

1 the maximum number of retail outlets that may be licensed in each  
2 county, taking into consideration:

- 3 ~~((a))~~ (i) Population distribution;
- 4 ~~((b))~~ (ii) Security and safety issues;
- 5 ~~((c))~~ (iii) The provision of adequate access to licensed  
6 sources of cannabis concentrates, useable cannabis, and cannabis-  
7 infused products to discourage purchases from the illegal market; and
- 8 ~~((d))~~ (iv) The number of retail outlets holding medical  
9 cannabis endorsements necessary to meet the medical needs of  
10 qualifying patients. The board must reconsider and increase the  
11 maximum number of retail outlets it established before July 24, 2015,  
12 and allow for a new license application period and a greater number  
13 of retail outlets to be permitted in order to accommodate the medical  
14 needs of qualifying patients and designated providers. After January  
15 1, 2017, any reconsideration of the maximum number of retail outlets  
16 needed to meet the medical needs of qualifying patients must consider  
17 information contained in the medical cannabis authorization database  
18 established in RCW 69.51A.230.

19 (b)(i) In making the determination under (a) of this subsection,  
20 the board must consider written input from an incorporated city or  
21 town, or county legislative authority when evaluating concerns  
22 related to outlet density.

23 (ii) An incorporated city or town, or county legislative  
24 authority, may enact an ordinance prescribing outlet density  
25 limitations. An ordinance may not affect licenses issued before the  
26 effective date of the ordinance prescribing outlet density  
27 limitations.

28 (iii) The board may adopt rules to identify how local  
29 jurisdiction input will be evaluated;

30 (3) Determining the maximum quantity of cannabis a cannabis  
31 producer may have on the premises of a licensed location at any time  
32 without violating Washington state law;

33 (4) Determining the maximum quantities of cannabis, cannabis  
34 concentrates, useable cannabis, and cannabis-infused products a  
35 cannabis processor may have on the premises of a licensed location at  
36 any time without violating Washington state law;

37 (5) Determining the maximum quantities of cannabis concentrates,  
38 useable cannabis, and cannabis-infused products a cannabis retailer  
39 may have on the premises of a retail outlet at any time without  
40 violating Washington state law;

1 (6) In making the determinations required by this section, the  
2 board shall take into consideration:

3 (a) Security and safety issues;

4 (b) The provision of adequate access to licensed sources of  
5 cannabis, cannabis concentrates, useable cannabis, and cannabis-  
6 infused products to discourage purchases from the illegal market; and

7 (c) Economies of scale, and their impact on licensees' ability to  
8 both comply with regulatory requirements and undercut illegal market  
9 prices;

10 (7) Determining the nature, form, and capacity of all containers  
11 to be used by licensees to contain cannabis, cannabis concentrates,  
12 useable cannabis, and cannabis-infused products, and their labeling  
13 requirements;

14 (8) In consultation with the department of agriculture and the  
15 department, establishing classes of cannabis, cannabis concentrates,  
16 useable cannabis, and cannabis infused products according to grade,  
17 condition, cannabinoid profile, THC concentration, CBD concentration,  
18 or other qualitative measurements deemed appropriate by the board;

19 (9) Establishing reasonable time, place, and manner restrictions  
20 and requirements regarding advertising of cannabis, cannabis  
21 concentrates, useable cannabis, and cannabis-infused products that  
22 are not inconsistent with the provisions of this chapter, taking into  
23 consideration:

24 (a) Federal laws relating to cannabis that are applicable within  
25 Washington state;

26 (b) Minimizing exposure of people under twenty-one years of age  
27 to the advertising;

28 (c) The inclusion of medically and scientifically accurate  
29 information about the health and safety risks posed by cannabis use  
30 in the advertising; and

31 (d) Ensuring that retail outlets with medical cannabis  
32 endorsements may advertise themselves as medical retail outlets;

33 (10) Specifying and regulating the time and periods when, and the  
34 manner, methods, and means by which, licensees shall transport and  
35 deliver cannabis, cannabis concentrates, useable cannabis, and  
36 cannabis-infused products within the state;

37 (11) In consultation with the department and the department of  
38 agriculture, establishing accreditation requirements for testing  
39 laboratories used by licensees to demonstrate compliance with  
40 standards adopted by the board, and prescribing methods of producing,

1 processing, and packaging cannabis, cannabis concentrates, useable  
2 cannabis, and cannabis-infused products; conditions of sanitation;  
3 and standards of ingredients, quality, and identity of cannabis,  
4 cannabis concentrates, useable cannabis, and cannabis-infused  
5 products produced, processed, packaged, or sold by licensees;

6 (12) Specifying procedures for identifying, seizing,  
7 confiscating, destroying, and donating to law enforcement for  
8 training purposes all cannabis, cannabis concentrates, useable  
9 cannabis, and cannabis-infused products produced, processed,  
10 packaged, labeled, or offered for sale in this state that do not  
11 conform in all respects to the standards prescribed by this chapter  
12 or the rules of the board.

13 **Sec. 5.** RCW 69.50.345 and 2022 c 16 s 65 are each amended to  
14 read as follows:

15 The board, subject to the provisions of this chapter, must adopt  
16 rules that establish the procedures and criteria necessary to  
17 implement the following:

18 (1) Licensing of cannabis producers, cannabis processors, and  
19 cannabis retailers, including prescribing forms and establishing  
20 application, reinstatement, and renewal fees.

21 (a) Application forms for cannabis producers must request the  
22 applicant to state whether the applicant intends to produce cannabis  
23 for sale by cannabis retailers holding medical cannabis endorsements  
24 and the amount of or percentage of canopy the applicant intends to  
25 commit to growing plants determined by the department under RCW  
26 69.50.375 to be of a THC concentration, CBD concentration, or THC to  
27 CBD ratio appropriate for cannabis concentrates, useable cannabis, or  
28 cannabis-infused products sold to qualifying patients.

29 (b) The board must reconsider and increase limits on the amount  
30 of square feet permitted to be in production on July 24, 2015, and  
31 increase the percentage of production space for those cannabis  
32 producers who intend to grow plants for cannabis retailers holding  
33 medical cannabis endorsements if the cannabis producer designates the  
34 increased production space to plants determined by the department  
35 under RCW 69.50.375 to be of a THC concentration, CBD concentration,  
36 or THC to CBD ratio appropriate for cannabis concentrates, useable  
37 cannabis, or cannabis-infused products to be sold to qualifying  
38 patients. If current cannabis producers do not use all the increased  
39 production space, the board may reopen the license period for new

1 cannabis producer license applicants but only to those cannabis  
2 producers who agree to grow plants for cannabis retailers holding  
3 medical cannabis endorsements. Priority in licensing must be given to  
4 cannabis producer license applicants who have an application pending  
5 on July 24, 2015, but who are not yet licensed and then to new  
6 cannabis producer license applicants. After January 1, 2017, any  
7 reconsideration of the limits on the amount of square feet permitted  
8 to be in production to meet the medical needs of qualifying patients  
9 must consider information contained in the medical cannabis  
10 authorization database established in RCW 69.51A.230;

11 (2) (~~(Determining)~~) (a) Except as provided in RCW 69.50.335,  
12 determining, in consultation with the office of financial management,  
13 the maximum number of retail outlets that may be licensed in each  
14 county, taking into consideration:

15 (~~((a))~~) (i) Population distribution;  
16 (~~((b))~~) (ii) Security and safety issues;  
17 (~~((c))~~) (iii) The provision of adequate access to licensed  
18 sources of cannabis concentrates, useable cannabis, and cannabis-  
19 infused products to discourage purchases from the illegal market; and  
20 (~~((d))~~) (iv) The number of retail outlets holding medical  
21 cannabis endorsements necessary to meet the medical needs of  
22 qualifying patients. The board must reconsider and increase the  
23 maximum number of retail outlets it established before July 24, 2015,  
24 and allow for a new license application period and a greater number  
25 of retail outlets to be permitted in order to accommodate the medical  
26 needs of qualifying patients and designated providers. After January  
27 1, 2017, any reconsideration of the maximum number of retail outlets  
28 needed to meet the medical needs of qualifying patients must consider  
29 information contained in the medical cannabis authorization database  
30 established in RCW 69.51A.230.

31 (b)(i) In making the determination under (a) of this subsection,  
32 the board must consider written input from an incorporated city or  
33 town, or county legislative authority when evaluating concerns  
34 related to outlet density.

35 (ii) An incorporated city or town, or county legislative  
36 authority, may enact an ordinance prescribing outlet density  
37 limitations. An ordinance may not affect licenses issued before the  
38 effective date of the ordinance prescribing outlet density  
39 limitations.

1        (iii) The board may adopt rules to identify how local  
2 jurisdiction input will be evaluated;

3        (3) Determining the maximum quantity of cannabis a cannabis  
4 producer may have on the premises of a licensed location at any time  
5 without violating Washington state law;

6        (4) Determining the maximum quantities of cannabis, cannabis  
7 concentrates, useable cannabis, and cannabis-infused products a  
8 cannabis processor may have on the premises of a licensed location at  
9 any time without violating Washington state law;

10       (5) Determining the maximum quantities of cannabis concentrates,  
11 useable cannabis, and cannabis-infused products a cannabis retailer  
12 may have on the premises of a retail outlet at any time without  
13 violating Washington state law;

14       (6) In making the determinations required by this section, the  
15 board shall take into consideration:

16       (a) Security and safety issues;

17       (b) The provision of adequate access to licensed sources of  
18 cannabis, cannabis concentrates, useable cannabis, and cannabis-  
19 infused products to discourage purchases from the illegal market; and

20       (c) Economies of scale, and their impact on licensees' ability to  
21 both comply with regulatory requirements and undercut illegal market  
22 prices;

23       (7) Determining the nature, form, and capacity of all containers  
24 to be used by licensees to contain cannabis, cannabis concentrates,  
25 useable cannabis, and cannabis-infused products, and their labeling  
26 requirements;

27       (8) In consultation with the department of agriculture and the  
28 department, establishing classes of cannabis, cannabis concentrates,  
29 useable cannabis, and cannabis-infused products according to grade,  
30 condition, cannabinoid profile, THC concentration, CBD concentration,  
31 or other qualitative measurements deemed appropriate by the board;

32       (9) Establishing reasonable time, place, and manner restrictions  
33 and requirements regarding advertising of cannabis, cannabis  
34 concentrates, useable cannabis, and cannabis-infused products that  
35 are not inconsistent with the provisions of this chapter, taking into  
36 consideration:

37       (a) Federal laws relating to cannabis that are applicable within  
38 Washington state;

39       (b) Minimizing exposure of people under (~~(twenty-one)~~) 21 years  
40 of age to the advertising;

1 (c) The inclusion of medically and scientifically accurate  
2 information about the health and safety risks posed by cannabis use  
3 in the advertising; and

4 (d) Ensuring that retail outlets with medical cannabis  
5 endorsements may advertise themselves as medical retail outlets;

6 (10) Specifying and regulating the time and periods when, and the  
7 manner, methods, and means by which, licensees shall transport and  
8 deliver cannabis, cannabis concentrates, useable cannabis, and  
9 cannabis-infused products within the state;

10 (11) In consultation with the department and the department of  
11 agriculture, prescribing methods of producing, processing, and  
12 packaging cannabis, cannabis concentrates, useable cannabis, and  
13 cannabis-infused products; conditions of sanitation; and standards of  
14 ingredients, quality, and identity of cannabis, cannabis  
15 concentrates, useable cannabis, and cannabis-infused products  
16 produced, processed, packaged, or sold by licensees;

17 (12) Specifying procedures for identifying, seizing,  
18 confiscating, destroying, and donating to law enforcement for  
19 training purposes all cannabis, cannabis concentrates, useable  
20 cannabis, and cannabis-infused products produced, processed,  
21 packaged, labeled, or offered for sale in this state that do not  
22 conform in all respects to the standards prescribed by this chapter  
23 or the rules of the board.

24 **Sec. 6.** RCW 69.50.101 and 2022 c 16 s 51 are each reenacted and  
25 amended to read as follows:

26 The definitions in this section apply throughout this chapter  
27 unless the context clearly requires otherwise.

28 (a) "Administer" means to apply a controlled substance, whether  
29 by injection, inhalation, ingestion, or any other means, directly to  
30 the body of a patient or research subject by:

31 (1) a practitioner authorized to prescribe (or, by the  
32 practitioner's authorized agent); or

33 (2) the patient or research subject at the direction and in the  
34 presence of the practitioner.

35 (b) "Agent" means an authorized person who acts on behalf of or  
36 at the direction of a manufacturer, distributor, or dispenser. It  
37 does not include a common or contract carrier, public  
38 warehouseperson, or employee of the carrier or warehouseperson.

39 (c) "Board" means the Washington state liquor and cannabis board.

1 (d) "Cannabis" means all parts of the plant *Cannabis*, whether  
2 growing or not, with a THC concentration greater than 0.3 percent on  
3 a dry weight basis; the seeds thereof; the resin extracted from any  
4 part of the plant; and every compound, manufacture, salt, derivative,  
5 mixture, or preparation of the plant, its seeds or resin. The term  
6 does not include:

7 (1) The mature stalks of the plant, fiber produced from the  
8 stalks, oil or cake made from the seeds of the plant, any other  
9 compound, manufacture, salt, derivative, mixture, or preparation of  
10 the mature stalks (except the resin extracted therefrom), fiber, oil,  
11 or cake, or the sterilized seed of the plant which is incapable of  
12 germination; or

13 (2) Hemp or industrial hemp as defined in RCW 15.140.020, seeds  
14 used for licensed hemp production under chapter 15.140 RCW.

15 (e) "Cannabis concentrates" means products consisting wholly or  
16 in part of the resin extracted from any part of the plant *Cannabis*  
17 and having a THC concentration greater than ten percent.

18 (f) "Cannabis processor" means a person licensed by the board to  
19 process cannabis into cannabis concentrates, useable cannabis, and  
20 cannabis-infused products, package and label cannabis concentrates,  
21 useable cannabis, and cannabis-infused products for sale in retail  
22 outlets, and sell cannabis concentrates, useable cannabis, and  
23 cannabis-infused products at wholesale to cannabis retailers.

24 (g) "Cannabis producer" means a person licensed by the board to  
25 produce and sell cannabis at wholesale to cannabis processors and  
26 other cannabis producers.

27 (h) "Cannabis products" means useable cannabis, cannabis  
28 concentrates, and cannabis-infused products as defined in this  
29 section.

30 (i) "Cannabis researcher" means a person licensed by the board to  
31 produce, process, and possess cannabis for the purposes of conducting  
32 research on cannabis and cannabis-derived drug products.

33 (j) "Cannabis retailer" means a person licensed by the board to  
34 sell cannabis concentrates, useable cannabis, and cannabis-infused  
35 products in a retail outlet.

36 (k) "Cannabis-infused products" means products that contain  
37 cannabis or cannabis extracts, are intended for human use, are  
38 derived from cannabis as defined in subsection (d) of this section,  
39 and have a THC concentration no greater than ten percent. The term

"cannabis-infused products" does not include either useable cannabis or cannabis concentrates.

(l) "CBD concentration" has the meaning provided in RCW 69.51A.010.

(m) "CBD product" means any product containing or consisting of cannabidiol.

(n) "Commission" means the pharmacy quality assurance commission.

(o) "Controlled substance" means a drug, substance, or immediate precursor included in Schedules I through V as set forth in federal or state laws, or federal or commission rules, but does not include hemp or industrial hemp as defined in RCW 15.140.020.

(p)(1) "Controlled substance analog" means a substance the chemical structure of which is substantially similar to the chemical structure of a controlled substance in Schedule I or II and:

(i) that has a stimulant, depressant, or hallucinogenic effect on the central nervous system substantially similar to the stimulant, depressant, or hallucinogenic effect on the central nervous system of a controlled substance included in Schedule I or II; or

(ii) with respect to a particular individual, that the individual represents or intends to have a stimulant, depressant, or hallucinogenic effect on the central nervous system substantially similar to the stimulant, depressant, or hallucinogenic effect on the central nervous system of a controlled substance included in Schedule I or II.

(2) The term does not include:

(i) a controlled substance;

(ii) a substance for which there is an approved new drug application;

(iii) a substance with respect to which an exemption is in effect for investigational use by a particular person under Section 505 of the federal food, drug, and cosmetic act, 21 U.S.C. Sec. 355, or chapter 69.77 RCW to the extent conduct with respect to the substance is pursuant to the exemption; or

(iv) any substance to the extent not intended for human consumption before an exemption takes effect with respect to the substance.

(q) "Deliver" or "delivery" means the actual or constructive transfer from one person to another of a substance, whether or not there is an agency relationship.

(r) "Department" means the department of health.

(s) "Designated provider" has the meaning provided in RCW 69.51A.010.

(t) "Dispense" means the interpretation of a prescription or order for a controlled substance and, pursuant to that prescription or order, the proper selection, measuring, compounding, labeling, or packaging necessary to prepare that prescription or order for delivery.

(u) "Dispenser" means a practitioner who dispenses.

(v) "Distribute" means to deliver other than by administering or dispensing a controlled substance.

(w) "Distributor" means a person who distributes.

(x) "Drug" means (1) a controlled substance recognized as a drug in the official United States pharmacopoeia/national formulary or the official homeopathic pharmacopoeia of the United States, or any supplement to them; (2) controlled substances intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in individuals or animals; (3) controlled substances (other than food) intended to affect the structure or any function of the body of individuals or animals; and (4) controlled substances intended for use as a component of any article specified in (1), (2), or (3) of this subsection. The term does not include devices or their components, parts, or accessories.

(y) "Drug enforcement administration" means the drug enforcement administration in the United States Department of Justice, or its successor agency.

(z) "Electronic communication of prescription information" means the transmission of a prescription or refill authorization for a drug of a practitioner using computer systems. The term does not include a prescription or refill authorization verbally transmitted by telephone nor a facsimile manually signed by the practitioner.

(aa) "Immature plant or clone" means a plant or clone that has no flowers, is less than twelve inches in height, and is less than twelve inches in diameter.

(bb) "Immediate precursor" means a substance:

(1) that the commission has found to be and by rule designates as being the principal compound commonly used, or produced primarily for use, in the manufacture of a controlled substance;

(2) that is an immediate chemical intermediary used or likely to be used in the manufacture of a controlled substance; and

1 (3) the control of which is necessary to prevent, curtail, or  
2 limit the manufacture of the controlled substance.

3 (cc) "Isomer" means an optical isomer, but in subsection (gg)(5)  
4 of this section, RCW 69.50.204(a) (12) and (34), and 69.50.206(b) (4),  
5 the term includes any geometrical isomer; in RCW 69.50.204(a) (8) and  
6 (42), and 69.50.210(c) the term includes any positional isomer; and  
7 in RCW 69.50.204(a) (35), 69.50.204(c), and 69.50.208(a) the term  
8 includes any positional or geometric isomer.

9 (dd) "Lot" means a definite quantity of cannabis, cannabis  
10 concentrates, useable cannabis, or cannabis-infused product  
11 identified by a lot number, every portion or package of which is  
12 uniform within recognized tolerances for the factors that appear in  
13 the labeling.

14 (ee) "Lot number" must identify the licensee by business or trade  
15 name and Washington state unified business identifier number, and the  
16 date of harvest or processing for each lot of cannabis, cannabis  
17 concentrates, useable cannabis, or cannabis-infused product.

18 (ff) "Manufacture" means the production, preparation,  
19 propagation, compounding, conversion, or processing of a controlled  
20 substance, either directly or indirectly or by extraction from  
21 substances of natural origin, or independently by means of chemical  
22 synthesis, or by a combination of extraction and chemical synthesis,  
23 and includes any packaging or repackaging of the substance or  
24 labeling or relabeling of its container. The term does not include  
25 the preparation, compounding, packaging, repackaging, labeling, or  
26 relabeling of a controlled substance:

27 (1) by a practitioner as an incident to the practitioner's  
28 administering or dispensing of a controlled substance in the course  
29 of the practitioner's professional practice; or

30 (2) by a practitioner, or by the practitioner's authorized agent  
31 under the practitioner's supervision, for the purpose of, or as an  
32 incident to, research, teaching, or chemical analysis and not for  
33 sale.

34 (gg) "Narcotic drug" means any of the following, whether produced  
35 directly or indirectly by extraction from substances of vegetable  
36 origin, or independently by means of chemical synthesis, or by a  
37 combination of extraction and chemical synthesis:

38 (1) Opium, opium derivative, and any derivative of opium or opium  
39 derivative, including their salts, isomers, and salts of isomers,  
40 whenever the existence of the salts, isomers, and salts of isomers is

possible within the specific chemical designation. The term does not include the isoquinoline alkaloids of opium.

(2) Synthetic opiate and any derivative of synthetic opiate, including their isomers, esters, ethers, salts, and salts of isomers, esters, and ethers, whenever the existence of the isomers, esters, ethers, and salts is possible within the specific chemical designation.

(3) Poppy straw and concentrate of poppy straw.

(4) Coca leaves, except coca leaves and extracts of coca leaves from which cocaine, ecgonine, and derivatives or ecgonine or their salts have been removed.

(5) Cocaine, or any salt, isomer, or salt of isomer thereof.

(6) Cocaine base.

(7) Ecgonine, or any derivative, salt, isomer, or salt of isomer thereof.

(8) Any compound, mixture, or preparation containing any quantity of any substance referred to in (1) through (7) of this subsection.

(hh) "Opiate" means any substance having an addiction-forming or addiction-sustaining liability similar to morphine or being capable of conversion into a drug having addiction-forming or addiction-sustaining liability. The term includes opium, substances derived from opium (opium derivatives), and synthetic opiates. The term does not include, unless specifically designated as controlled under RCW 69.50.201, the dextrorotatory isomer of 3-methoxy-n-methylmorphinan and its salts (dextromethorphan). The term includes the racemic and levorotatory forms of dextromethorphan.

(ii) "Opium poppy" means the plant of the species *Papaver somniferum* L., except its seeds.

(jj) "Person" means individual, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or any other legal or commercial entity.

(kk) "Plant" has the meaning provided in RCW 69.51A.010.

(ll) "Poppy straw" means all parts, except the seeds, of the opium poppy, after mowing.

(mm) "Practitioner" means:

(1) A physician under chapter 18.71 RCW; a physician assistant under chapter 18.71A RCW; an osteopathic physician and surgeon under chapter 18.57 RCW; an optometrist licensed under chapter 18.53 RCW who is certified by the optometry board under RCW 18.53.010 subject

1 to any limitations in RCW 18.53.010; a dentist under chapter 18.32  
2 RCW; a podiatric physician and surgeon under chapter 18.22 RCW; a  
3 veterinarian under chapter 18.92 RCW; a registered nurse, advanced  
4 registered nurse practitioner, or licensed practical nurse under  
5 chapter 18.79 RCW; a naturopathic physician under chapter 18.36A RCW  
6 who is licensed under RCW 18.36A.030 subject to any limitations in  
7 RCW 18.36A.040; a pharmacist under chapter 18.64 RCW or a scientific  
8 investigator under this chapter, licensed, registered or otherwise  
9 permitted insofar as is consistent with those licensing laws to  
10 distribute, dispense, conduct research with respect to or administer  
11 a controlled substance in the course of their professional practice  
12 or research in this state.

13 (2) A pharmacy, hospital or other institution licensed,  
14 registered, or otherwise permitted to distribute, dispense, conduct  
15 research with respect to or to administer a controlled substance in  
16 the course of professional practice or research in this state.

17 (3) A physician licensed to practice medicine and surgery, a  
18 physician licensed to practice osteopathic medicine and surgery, a  
19 dentist licensed to practice dentistry, a podiatric physician and  
20 surgeon licensed to practice podiatric medicine and surgery, a  
21 licensed physician assistant or a licensed osteopathic physician  
22 assistant specifically approved to prescribe controlled substances by  
23 his or her state's medical commission or equivalent and his or her  
24 supervising physician, an advanced registered nurse practitioner  
25 licensed to prescribe controlled substances, or a veterinarian  
26 licensed to practice veterinary medicine in any state of the United  
27 States.

28 (nn) "Prescription" means an order for controlled substances  
29 issued by a practitioner duly authorized by law or rule in the state  
30 of Washington to prescribe controlled substances within the scope of  
31 his or her professional practice for a legitimate medical purpose.

32 (oo) "Production" includes the manufacturing, planting,  
33 cultivating, growing, or harvesting of a controlled substance.

34 (pp) "Qualifying patient" has the meaning provided in RCW  
35 69.51A.010.

36 (qq) "Recognition card" has the meaning provided in RCW  
37 69.51A.010.

38 (rr) "Retail outlet" means a location licensed by the board for  
39 the retail sale of cannabis concentrates, useable cannabis, and  
40 cannabis-infused products.

1 (ss) "Secretary" means the secretary of health or the secretary's  
2 designee.

3 (tt) "Social equity plan" means a plan that addresses at least  
4 some of the elements outlined in this subsection (tt), along with any  
5 additional plan components or requirements approved by the board  
6 following consultation with the task force created in RCW 69.50.336.  
7 The plan may include:

8 (1) A statement that indicates how the cannabis licensee will  
9 work to promote social equity goals in their community;

10 (2) A description of how the cannabis licensee will meet social  
11 equity goals as defined in RCW 69.50.335;

12 (3) The composition of the workforce the licensee has employed or  
13 intends to hire; and

14 (4) Business plans involving partnerships or assistance to  
15 organizations or residents with connections to populations with a  
16 history of high rates of enforcement of cannabis prohibition.

17 (uu) "State," unless the context otherwise requires, means a  
18 state of the United States, the District of Columbia, the  
19 Commonwealth of Puerto Rico, or a territory or insular possession  
20 subject to the jurisdiction of the United States.

21 (~~((uu))~~) (vv) "THC concentration" means percent of delta-9  
22 tetrahydrocannabinol content per dry weight of any part of the plant  
23 *Cannabis*, or per volume or weight of cannabis product, or the  
24 combined percent of delta-9 tetrahydrocannabinol and  
25 tetrahydrocannabinolic acid in any part of the plant *Cannabis*  
26 regardless of moisture content.

27 (~~((vv))~~) (ww) "Ultimate user" means an individual who lawfully  
28 possesses a controlled substance for the individual's own use or for  
29 the use of a member of the individual's household or for  
30 administering to an animal owned by the individual or by a member of  
31 the individual's household.

32 (~~((ww))~~) (xx) "Useable cannabis" means dried cannabis flowers.  
33 The term "useable cannabis" does not include either cannabis-infused  
34 products or cannabis concentrates.

35 (~~((xx))~~) (yy) "Youth access" means the level of interest persons  
36 under the age of twenty-one may have in a vapor product, as well as  
37 the degree to which the product is available or appealing to such  
38 persons, and the likelihood of initiation, use, or addiction by  
39 adolescents and young adults.

1        NEW SECTION.    **Sec. 7.**    (1) The joint legislative audit and review  
2 committee must review prior canopy studies completed by the liquor  
3 and cannabis board and examine whether current levels of cannabis  
4 production align with market demand and capacity, including the  
5 impact of any additional cannabis producer licenses granted under  
6 this act.

7        (2) The joint legislative audit and review committee must report  
8 results of their review to the governor and appropriate committees of  
9 the legislature by June 30, 2025.

10       NEW SECTION.    **Sec. 8.**    Section 4 of this act expires July 1,  
11 2024.

12       NEW SECTION.    **Sec. 9.**    Section 5 of this act takes effect July 1,  
13 2024.

Passed by the Senate April 13, 2023.  
Passed by the House April 10, 2023.  
Approved by the Governor May 1, 2023.  
Filed in Office of Secretary of State May 2, 2023.

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**RCW 69.50.335 Cannabis retailer, processor, producer licenses—  
Issue, reissue of licenses—Social equity applicants—Rules—**

**Definitions.** (1)(a) Beginning December 1, 2020, and until July 1, 2032, cannabis retailer licenses, cannabis processor licenses, and cannabis producer licenses that have been subject to forfeiture, revocation, or cancellation by the board, or cannabis retailer licenses that were not previously issued by the board but could have been issued without exceeding the limit on the statewide number of cannabis retailer licenses established before January 1, 2020, by the board, may be issued or reissued to an applicant who meets the cannabis retailer license, cannabis processor license, or cannabis producer license requirements of this chapter.

(b) In accordance with (a) of this subsection, the board may issue or reissue:

(i) Up to 100 cannabis processor licenses immediately; and

(ii) Beginning January 1, 2025, up to 10 cannabis producer licenses, which must be issued in conjunction with a cannabis processor license.

(c) In addition to the cannabis retailer licenses and cannabis producer licenses that may be issued under (a) and (b) of this subsection, beginning January 1, 2023, and continuing every three years until July 1, 2032, the board may, with the approval of the legislature through the passage of a bill, increase the number of cannabis retailer licenses and cannabis producer licenses for the social equity program based on:

(i) The most recent census data available as of January 1, 2023; and

(ii) The annual population estimates published by the office of financial management.

(d) In addition to the cannabis retailer licenses that may be issued under (a) of this subsection, beginning January 1, 2024, and until July 1, 2032, the board may issue up to 52 cannabis retailer licenses for the social equity program.

(e)(i) At the time of licensure, all licenses issued under the social equity program under this section may be located in any city, town, or county in the state that allows cannabis retail, cannabis production, or cannabis processing business activities, as applicable, at the proposed location, regardless of:

(A) Whether a cannabis retailer license, cannabis producer license, or cannabis processor license was originally allocated to or issued in another city, town, or county; and

(B) The maximum number of retail cannabis licenses established by the board for each county under RCW 69.50.345.

(ii) The board must adopt rules establishing a threshold of the number of licenses created by this section that can be located in each county.

(f) After a social equity license has been issued under this section for a specific location, the location of the licensed business may not be moved to a city, town, or county different from the city, town, or county for which it was initially licensed.

(2)(a) In order to be considered for a cannabis retailer license, cannabis processor license, or cannabis producer license under subsection (1) of this section, an applicant must be a social equity applicant and submit required cannabis license materials to the board. If the application proposes ownership by more than one person, then at

least 51 percent of the proposed ownership structure must reflect the qualifications of a social equity applicant.

(b) Persons holding an existing cannabis retailer license or title certificate for a cannabis retailer business in a local jurisdiction subject to a ban or moratorium on cannabis retail businesses may apply for a license under this section.

(3)(a) In determining the priority for issuance of a license among applicants, the board must select a third-party contractor to identify and score social equity applicants, using a scoring rubric developed by the board. The board must rely on the score provided by the third-party contractor in issuing licenses.

(b) The board may deny any application submitted under this subsection if:

(i) The board determines that, upon the advice of the third-party contractor, the application does not meet the social equity licensing requirements of this chapter; or

(ii) The board determines the application does not otherwise meet licensing requirements.

(4) The board must adopt rules to implement this section. Prior to adopting any rule implementing this section, the board must consider advice on the social equity program from individuals the program is intended to benefit. Rules may also require that licenses awarded under this section only be transferred to or assumed by individuals or groups of individuals who comply with the requirements for initial licensure as a social equity applicant for a period of at least five years from the date of initial licensure.

(5) The annual fee for issuance, reissuance, or renewal for any license under this section must be waived through July 1, 2032.

(6) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Disproportionately impacted area" means a census tract or comparable geographic area within Washington state where community members were more likely to be impacted by the war on drugs. These areas must be determined in rule by the board, in consultation with the office of equity, using a standardized statistical equation to identify areas with demographic indicators consistent with populations most impacted by the war on drugs. These areas must be assessed to account for demographic changes in the composition of the population over time. Disproportionately impacted areas must include census tracts or comparable geographic 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) "Social equity applicant" means an applicant who has at least 51 percent ownership and control by one or more individuals who meet at least two of the following qualifications:

(i) Lived in a disproportionately impacted area in Washington state for a minimum of five years between 1980 and 2010;

(ii) Has been arrested or convicted of a cannabis offense or has a family member who has been arrested or convicted of a cannabis offense;

(iii) Had a household income in the year prior to submitting an application under this section that was less than the median household income within the state of Washington as calculated by the United States census bureau; or

(iv) Is both a socially and economically disadvantaged individual as defined by the office of minority and women's business enterprises under chapter 39.19 RCW.

(c) "Social equity goals" means:

(i) Increasing the number of cannabis retailer, producer, and processor licenses held by social equity applicants from disproportionately impacted areas; and

(ii) Reducing accumulated harm suffered by individuals, families, and local areas subject to severe impacts from the historical application and enforcement of cannabis prohibition laws.

(7) Except for the process detailed in subsection (1) of this section, the process for creating new cannabis retail licenses under this chapter remains unaltered. [2023 c 220 s 3; 2022 c 16 s 60; 2021 c 169 s 2; 2020 c 236 s 2.]

**Intent—Finding—2022 c 16:** See note following RCW 69.50.101.

**Findings—Intent—2025 c 58; 2020 c 236:** "(1) The legislature finds that additional efforts are necessary to reduce barriers to entry to the cannabis industry for individuals and communities most adversely impacted by the enforcement of cannabis-related laws. In the interest of establishing a cannabis industry that is equitable and accessible to those most adversely impacted by the enforcement of drug-related laws, including cannabis-related laws, the legislature finds a social equity program should be created.

(2) The legislature finds that individuals who have been arrested or incarcerated due to drug laws, and those who have resided in areas of high poverty, suffer long-lasting adverse consequences, including impacts to employment, business ownership, housing, health, and long-term financial well-being. The legislature also finds that family members, especially children, and communities of those who have been arrested or incarcerated due to drug laws, suffer from emotional, psychological, and financial harms as a result of such arrests and incarceration. The legislature further finds that individuals in disproportionately impacted areas suffered the harms of enforcement of cannabis-related laws. Those communities face greater difficulties accessing traditional banking systems and capital for establishing businesses.

(3) The legislature therefore finds that in the interest of remedying harms resulting from the enforcement of cannabis-related laws in disproportionately impacted areas, creating a social equity program will further an equitable cannabis industry by promoting business ownership among individuals who have resided in areas of high poverty and high enforcement of cannabis-related laws. The social equity program should offer, among other things, financial and technical assistance and license application benefits to individuals most directly and adversely impacted by the enforcement of cannabis-related laws who are interested in starting cannabis business enterprises. It is the intent of the legislature that implementation of the social equity program authorized by this act not result in an increase in the number of cannabis retailer licenses above the limit on the number of cannabis retailer licenses in the state established

by the Washington state liquor and cannabis board before January 1, 2020." [2025 c 58 s 4007; 2020 c 236 s 1.]

**RCW 69.50.342 State liquor and cannabis board—Rules.** (1) For the purpose of carrying into effect the provisions of chapter 3, Laws of 2013 according to their true intent or of supplying any deficiency therein, the board may adopt rules not inconsistent with the spirit of chapter 3, Laws of 2013 as are deemed necessary or advisable. Without limiting the generality of the preceding sentence, the board is empowered to adopt rules regarding the following:

(a) The equipment and management of retail outlets and premises where cannabis is produced or processed, and inspection of the retail outlets and premises where cannabis is produced or processed;

(b) The books and records to be created and maintained by licensees, the reports to be made thereon to the board, and inspection of the books and records;

(c) Methods of producing, processing, and packaging cannabis, useable cannabis, cannabis concentrates, and cannabis-infused products; conditions of sanitation; safe handling requirements; approved pesticides and pesticide testing requirements; and standards of ingredients, quality, and identity of cannabis, useable cannabis, cannabis concentrates, and cannabis-infused products produced, processed, packaged, or sold by licensees;

(d) Security requirements for retail outlets and premises where cannabis is produced or processed, and safety protocols for licensees and their employees;

(e) Screening, hiring, training, and supervising employees of licensees;

(f) Retail outlet locations and hours of operation;

(g) Labeling requirements and restrictions on advertisement of cannabis, useable cannabis, cannabis concentrates, cannabis health and beauty aids, and cannabis-infused products for sale in retail outlets;

(h) Forms to be used for purposes of this chapter and chapter 69.51A RCW or the rules adopted to implement and enforce these chapters, the terms and conditions to be contained in licenses issued under this chapter and chapter 69.51A RCW, and the qualifications for receiving a license issued under this chapter and chapter 69.51A RCW, including a criminal history record information check. The board may submit any criminal history record information check to the Washington state patrol and to the identification division of the federal bureau of investigation in order that these agencies may search their records for prior arrests and convictions of the individual or individuals who filled out the forms. The board must require fingerprinting of any applicant whose criminal history record information check is submitted to the federal bureau of investigation;

(i) Application, reinstatement, and renewal fees for licenses issued under this chapter and chapter 69.51A RCW, and fees for anything done or permitted to be done under the rules adopted to implement and enforce this chapter and chapter 69.51A RCW;

(j) The manner of giving and serving notices required by this chapter and chapter 69.51A RCW or rules adopted to implement or enforce these chapters;

(k) Times and periods when, and the manner, methods, and means by which, licensees transport and deliver cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products within the state;

(l) Identification, seizure, confiscation, destruction, or donation to law enforcement for training purposes of all cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products

produced, processed, sold, or offered for sale within this state which do not conform in all respects to the standards prescribed by this chapter or chapter 69.51A RCW or the rules adopted to implement and enforce these chapters;

(m) The prohibition of any type of device used in conjunction with a cannabis vapor product and the prohibition of the use of any type of additive, solvent, ingredient, or compound in the production and processing of cannabis products, including cannabis vapor products, when the board determines, following consultation with the department of health or any other authority the board deems appropriate, that the device, additive, solvent, ingredient, or compound may pose a risk to public health or youth access; and

(n) Requirements for processors to submit under oath to the department of health a complete list of all constituent substances and the amount and sources thereof in each cannabis vapor product, including all additives, thickening agents, preservatives, compounds, and any other substance used in the production and processing of each cannabis vapor product.

(2) Rules adopted on retail outlets holding medical cannabis endorsements must be adopted in coordination and consultation with the department.

(3) The board must adopt rules to perfect and expand existing programs for compliance education for licensed cannabis businesses and their employees. The rules must include a voluntary compliance program created in consultation with licensed cannabis businesses and their employees. The voluntary compliance program must include recommendations on abating violations of this chapter and rules adopted under this chapter. [2022 c 16 s 63; 2020 c 133 s 3; 2019 c 394 s 4; 2015 2nd sp.s. c 4 s 1601; 2015 c 70 s 7; 2013 c 3 s 9 (Initiative Measure No. 502, approved November 6, 2012).]

**Intent—Finding—2022 c 16:** See note following RCW 69.50.101.

**Findings—2025 c 58; 2020 c 133:** "The legislature finds that recent reports of lung illnesses associated with vapor products demand serious attention by the state in the interest of protecting public health and preventing youth access. While state law grants the liquor and cannabis board broad authority to regulate vapor products containing cannabis, the legislature finds that risks to public health and youth access can be mitigated by clarifying that the board is granted specific authority to prohibit the use of any additive, solvent, ingredient, or compound in cannabis vapor product production and processing and to prohibit any device used in conjunction with a cannabis vapor product." [2025 c 58 s 4008; 2020 c 133 s 1.]

**Effective date—2020 c 133:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 25, 2020]." [2020 c 133 s 5.]

**Findings—2019 c 394:** See note following RCW 69.50.563.

**Findings—Intent—Effective dates—2015 2nd sp.s. c 4:** See notes following RCW 69.50.334.

**Short title—Findings—Intent—References to Washington state  
liquor control board—Draft legislation—2015 c 70:** See notes following  
RCW 66.08.012.

**Intent—2013 c 3 (Initiative Measure No. 502):** See note following  
RCW 69.50.101.

**RCW 69.50.345 State liquor and cannabis board—Rules—Procedures and criteria.** The board, subject to the provisions of this chapter, must adopt rules that establish the procedures and criteria necessary to implement the following:

(1) Licensing of cannabis producers, cannabis processors, and cannabis retailers, including prescribing forms and establishing application, reinstatement, and renewal fees.

(a) Application forms for cannabis producers must request the applicant to state whether the applicant intends to produce cannabis for sale by cannabis retailers holding medical cannabis endorsements and the amount of or percentage of canopy the applicant intends to commit to growing plants determined by the department under RCW 69.50.375 to be of a THC concentration, CBD concentration, or THC to CBD ratio appropriate for cannabis concentrates, useable cannabis, or cannabis-infused products sold to qualifying patients.

(b) The board must reconsider and increase limits on the amount of square feet permitted to be in production on July 24, 2015, and increase the percentage of production space for those cannabis producers who intend to grow plants for cannabis retailers holding medical cannabis endorsements if the cannabis producer designates the increased production space to plants determined by the department under RCW 69.50.375 to be of a THC concentration, CBD concentration, or THC to CBD ratio appropriate for cannabis concentrates, useable cannabis, or cannabis-infused products to be sold to qualifying patients. If current cannabis producers do not use all the increased production space, the board may reopen the license period for new cannabis producer [producer's] license applicants but only to those cannabis producers who agree to grow plants for cannabis retailers holding medical cannabis endorsements. Priority in licensing must be given to cannabis producer [producer's] license applicants who have an application pending on July 24, 2015, but who are not yet licensed and then to new cannabis producer [producer's] license applicants. After January 1, 2017, any reconsideration of the limits on the amount of square feet permitted to be in production to meet the medical needs of qualifying patients must consider information contained in the medical cannabis authorization database established in RCW 69.51A.230;

(2)(a) Except as provided in RCW 69.50.335, determining, in consultation with the office of financial management, the maximum number of retail outlets that may be licensed in each county, taking into consideration:

(i) Population distribution;

(ii) Security and safety issues;

(iii) The provision of adequate access to licensed sources of cannabis concentrates, useable cannabis, and cannabis-infused products to discourage purchases from the illegal market; and

(iv) The number of retail outlets holding medical cannabis endorsements necessary to meet the medical needs of qualifying patients. The board must reconsider and increase the maximum number of retail outlets it established before July 24, 2015, and allow for a new license application period and a greater number of retail outlets to be permitted in order to accommodate the medical needs of qualifying patients and designated providers. After January 1, 2017, any reconsideration of the maximum number of retail outlets needed to meet the medical needs of qualifying patients must consider information contained in the medical cannabis authorization database established in RCW 69.51A.230.

(b)(i) In making the determination under (a) of this subsection, the board must consider written input from an incorporated city or town, or county legislative authority when evaluating concerns related to outlet density.

(ii) An incorporated city or town, or county legislative authority, may enact an ordinance prescribing outlet density limitations. An ordinance may not affect licenses issued before the effective date of the ordinance prescribing outlet density limitations.

(iii) The board may adopt rules to identify how local jurisdiction input will be evaluated;

(3) Determining the maximum quantity of cannabis a cannabis producer may have on the premises of a licensed location at any time without violating Washington state law;

(4) Determining the maximum quantities of cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products a cannabis processor may have on the premises of a licensed location at any time without violating Washington state law;

(5) Determining the maximum quantities of cannabis concentrates, useable cannabis, and cannabis-infused products a cannabis retailer may have on the premises of a retail outlet at any time without violating Washington state law;

(6) In making the determinations required by this section, the board shall take into consideration:

(a) Security and safety issues;

(b) The provision of adequate access to licensed sources of cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products to discourage purchases from the illegal market; and

(c) Economies of scale, and their impact on licensees' ability to both comply with regulatory requirements and undercut illegal market prices;

(7) Determining the nature, form, and capacity of all containers to be used by licensees to contain cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products, and their labeling requirements;

(8) In consultation with the department of agriculture and the department, establishing classes of cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products according to grade, condition, cannabinoid profile, THC concentration, CBD concentration, or other qualitative measurements deemed appropriate by the board;

(9) Establishing reasonable time, place, and manner restrictions and requirements regarding advertising of cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products that are not inconsistent with the provisions of this chapter, taking into consideration:

(a) Federal laws relating to cannabis that are applicable within Washington state;

(b) Minimizing exposure of people under 21 years of age to the advertising;

(c) The inclusion of medically and scientifically accurate information about the health and safety risks posed by cannabis use in the advertising; and

(d) Ensuring that retail outlets with medical cannabis endorsements may advertise themselves as medical retail outlets;

(10) Specifying and regulating the time and periods when, and the manner, methods, and means by which, licensees shall transport and

deliver cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products within the state;

(11) In consultation with the department and the department of agriculture, prescribing methods of producing, processing, and packaging cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products; conditions of sanitation; and standards of ingredients, quality, and identity of cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products produced, processed, packaged, or sold by licensees;

(12) Specifying procedures for identifying, seizing, confiscating, destroying, and donating to law enforcement for training purposes all cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products produced, processed, packaged, labeled, or offered for sale in this state that do not conform in all respects to the standards prescribed by this chapter or the rules of the board. [2023 c 220 s 5; (2023 c 220 s 4 expired July 1, 2024); 2022 c 16 s 65; (2022 c 16 s 64 expired July 1, 2024). Prior: 2019 c 393 s 2; 2019 c 277 s 6; 2018 c 43 s 2; 2015 c 70 s 8; 2013 c 3 s 10 (Initiative Measure No. 502, approved November 6, 2012).]

**Effective date—2023 c 220 s 5:** "Section 5 of this act takes effect July 1, 2024." [2023 c 220 s 9.]

**Expiration date—2023 c 220 s 4:** "Section 4 of this act expires July 1, 2024." [2023 c 220 s 8.]

**Effective date—2022 c 16 ss 65 and 68:** "Sections 65 and 68 of this act take effect July 1, 2024." [2022 c 16 s 174.]

**Expiration date—2022 c 16 ss 64 and 67:** "Sections 64 and 67 of this act expire July 1, 2024." [2022 c 16 s 173.]

**Intent—Finding—2022 c 16:** See note following RCW 69.50.101.

**Effective date—2019 c 393:** "This act takes effect January 1, 2020." [2019 c 393 s 6.]

**Intent—2019 c 393:** See note following RCW 69.50.346.

**Effective date—2019 c 277 ss 2 and 6:** See note following RCW 69.50.348.

**Short title—Findings—Intent—References to Washington state liquor control board—Draft legislation—2015 c 70:** See notes following RCW 66.08.012.

**Intent—2013 c 3 (Initiative Measure No. 502):** See note following RCW 69.50.101.

**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. 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 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 registrant's home or where the relationship creates an expectation that the registrant care for the individual and that individual depends on the applicant for care, or that the individual care for the registrant and that the registrant depends on the individual for care.

(c) **"Household income"** means the gross income for the previous calendar year and includes the sum of the income received in the previous calendar year by all household members aged 15 years and older before taxes and deductions.

(d) **"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 applying for funding and/or securing a location, and additional steps that may be necessary for continuing with the licensing application process.

(g) **"Social equity program applicant"** means an individual or entity that receives a preliminary letter of approval to apply for the social equity licensing program.

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

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

(j) **"Social equity registrant"** means any individual or entity that registers to be evaluated and scored for the social equity pro-

gram. 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) **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 qualify for the social equity program under this chapter and RCW 69.50.335, the criteria provided in this subsection must be met. 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 ownership must meet at least two of the four qualifications below:

(i) **Qualification 1:** Resided in a disproportionately impacted area (DIA) in Washington state for a minimum of five years any time between 1980 and 2010. 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:** Been arrested or convicted for a cannabis offense.

(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:** Had a household income less than the median household income within the state of Washington as 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.

(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.** After the registration window is closed, the social equity contractor will provide the registrant, or title certificate holder, with directions for submitting social equity program application materials and verification documents.

(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)<br>1-5 years = 15 points<br>6-10 years = 45 points<br>11+ years = 60 points                                                                                               | 60                |
|                                          | 2. Convicted of a drug offense? (Self) = 15 points<br>Convicted of a cannabis offense? (Self) = 60 points                                                                                                                      | 60                |
|                                          | 3. Convicted of a drug offense? (Family) = 15 points<br>Convicted of a cannabis offense? (Family) = 30 points                                                                                                                  | 30                |
|                                          | 4. If you were convicted of a cannabis offense, what type of sentence did you receive:<br>Fine = 15 points<br>Served probation or Confined to home = 30 points<br>Served time in jail or prison = 60 points                    | 60                |
|                                          | 5. Is your household income less than the median household income within the state of Washington as calculated by the United States Census Bureau?                                                                             | 45                |
|                                          | 6. Owned a medical cannabis dispensary or collective garden, licensed as a business, prior to July 1, 2016 = 15 points<br>Owned a medical cannabis dispensary or collective garden licensed as a business in a DIA = 30 points | 30                |
|                                          | 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                                                                           | 15                |
|                                          | <b>Total Maximum Points</b>                                                                                                                                                                                                    | <b>300 points</b> |

(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.**

(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.

(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.

(8) **Social equity license application.** 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 qualifications of a social equity program applicant.

(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.

(9) **Title certificate holders.** A title certificate holder 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.

[Statutory Authority: RCW 69.50.331, 69.50.335, and 69.50.345. WSR 25-01-159, s 314-55-570, filed 12/18/24, effective 1/18/25. Statutory Authority: RCW 69.50.335, 69.50.336, 69.50.342, and 2022 c 16. WSR 22-21-058, § 314-55-570, filed 10/12/22, effective 11/12/22.]