

**WAC 314-55-570 –Social equity in cannabis program.**

**(1) Definitions.**

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

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

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

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

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

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

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

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

(iii) Spouse or domestic partner;

(iv) Any individual who regularly resides in the ~~applicant's~~registrant's home or where the relationship creates an expectation that the ~~applicant~~registrant care for the person and that individual depends on the ~~applicant~~registrant for care, or that the individual care for the ~~applicant~~registrant and that the ~~applicant~~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) "Median household income" means the most recent median household income within the state of for households in Washington, as ~~calculated~~ determined by the United States Census Bureau.

~~(e)~~ "Person" means a real human being, distinguished from a corporation, company, or other business entity.

(f) "Preliminary letter of approval" means an approval letter issued to a social equity program applicant. The letter may be used for the purposes of securing a grant from the department of commerce applying for funding and/or a location, and other necessities to complete additional information necessary for continuing with the licensing application process.

~~(f) "Social equity program applicant"~~ means a person(s) who meets the requirements of the social equity program.

~~(g)~~ "Social equity registrant" means a person(s) or entity that registers to be evaluated for the social equity program. Qualification is evaluated based in the registrant's

application materials submitted to the social equity contactor.

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.

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

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

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

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

~~(i) A description of how issuing a cannabis retail license~~  
to (2) **Registering for the social equity program.** A person must register through the designated portal. 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.

(a) **Registration window.** The registration window(s)

will meetbe open for 30 calendar days. The board may reopen the 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 the

registration window closes, the social equity goals as described in statute; contractor will provide the registrant with directions for submitting social equity program application materials and verification documents.

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

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

~~(j) " **Submission requirements.** Social equity **title certificate holder**" means a cannabis retail license title certificate holder that meets the requirements of a program application materials must be submitted directly to the social equity program applicant as determined contractor in the form, manner, and timeframe required by the social equity contractor, and Application materials submitted after the specified timeframe will not be reviewed or scored. Registrants are responsible for ensuring the application is unable to open for business in the city or county where the cannabis retail license is located complete, accurate, and successfully submitted.~~

~~(2) **Social** **4) Qualifying for the social equity applicant requirements.**~~

~~(a) **program.** To be considered qualify for the social equity program under this chapter and RCW 69.50.335, the ~~following requirements must be met by~~ 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~~applicants.~~

(a) 51 percent ownership. An applicant must have 51% ownership and control by one or more person(s) and each ~~applicant:~~person comprising the 51% majority must meet at least two of the four qualifications below:

~~(b) At least a 51 percent majority, or controlling interest, in the applicant, must be held by a person, or persons, who has or have resided in Washington state for six months prior to the application date, consistent with RCW 69.50.331, and meets at least two of the following qualifications:~~

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

(A) Proof of address documentation that may demonstrate currently living or having lived in a DIA, include, but are not limited to documents such as: Bank statements, lease agreements,

home insurance or car policy, Federal or state tax returns that show the address for each year, utility bills, employment records, school records, voter registration. Any combination of documents may be utilized to demonstrate the qualification.

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

(A) Documentation to demonstrate the qualification may include but are not limited to documents that contain details such as the date of the arrest or conviction, the charges, and the law enforcement agency involved. Examples of documents may include, but are not limited to the following: 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, witness testimonies, 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 reserves the right to 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, WAC 314-55-073, or WAC 314-55-505.

(iii) **Qualification 3:** ~~The social equity applicant's~~ Had a household income in the year prior to submitting the application was less than the median household income within the state of

Washington as calculated by the United States Census Bureau for  
the previous calendar year.

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

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

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

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

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

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

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

~~(i) (A) Proof of household income documentation include,  
but are 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 certification. Any combination of documents may be utilized to demonstrate the qualification.

(4) **Social equity contractor review.** The social equity application must be submitted electronically through the department of revenue's business licensing online application system.

(ii) contractor will request verifying documents to determine eligibility. The social equity applicant must apply

~~to the department of revenue's business licensing service within the 30-day application window. All required information must be completed on the application and payment must be submitted within the 30-day application window for the application to be accepted.~~ contractor will determine which documentation is sufficient to demonstrate eligibility.

~~(iii) The social equity applicant, whether applying as a person, persons, or entity, may apply for a cannabis license only once during)~~ Who is eligible to be scored: Scoring by the social equity contractor will be limited to each application window described in subsection (4)(c) registrant who meet two out of this section.

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

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

~~(c) **Social equity contractor review.** Once the application window is closed, the~~ **Scoring rubric.** The social equity contractor will evaluate and prioritize all social equity program applications registrants received within the 30-day application window.

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

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

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

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

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

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

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

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

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

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

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

~~(viii) After the social equity contractor determines that the requirements have been met, the social equity contractor will score social equity applications using the following scoring rubric to prioritize social equity applicants criteria:~~

<b>Social Equity Application Scoring Rubric</b>		
<b>Category</b>	<b>Eligibility Requirements</b>	<b>Point Scale</b>
<u>1</u>	<del>1-</del> Lived in a disproportionately impacted area (DIA) <i>1-5 years: 15</i> <i>6-10 years: 20</i> <i>11+ years: 40</i>	
	1a. How long have you lived in a DIA? 5y-10y = 20 points 10+ years = 40 points	40
<u>2</u>	<del>2- Convicted</del> Applicant arrested or convicted of a drugcannabis offense? (Self):	<del>10</del> 6040

<u>2a</u>	<del>2a. Convicted of a cannabis offense? (Self)</del> Family member convicted of a cannabis offense		40
<u>2a.</u>	Family member arrested or convicted of a cannabis offense.	<u>15</u>	
<u>3</u>	<del>3. Convicted Applicant arrested or convicted of a drug-related offense.</del> Applicant convicted Family member convicted of a drug offense? (Family):  <i>This is for a non-cannabis drug offense.</i>	<u>15</u> <u>30</u> <u>15</u>	
<u>3a</u>	<del>3a. Family member convicted of a drug offense.</del> Convicted of a cannabis offense? (Family)  <i>This is for a non-cannabis drug offense</i>		5
<u>3a.</u>	Family member arrested or convicted of a (non-cannabis) drug-related offense.	<u>5</u>	
<u>4</u>	4-If you were convicted of a cannabis offense, what type of sentence did you receive:?  <i>Fine = 10 points:</i> <i>Served probation = 20 points</i> <i>Probation or Home Confinement:</i> <i>Confined to home = 40 points</i> <i>Served time in jail or prison = 80 points:</i>	<u>10</u> <u>30</u> <u>80</u>	
	5. Did you or your family member's incarceration keep you from getting employment?		5
	6. Did you lose your home or ability to purchase a home or rent a home as a result of your convictions or arrests?		5
<u>5</u>	<del>7-</del> Is your household income less than the median household income within the state of Washington as calculated by the <del>United States</del> U.S. Census Bureau?	<u>40</u> <u>15</u>	
<u>6</u>	<del>8a.</del> Did you own or operate a medical cannabis dispensary or collective garden, licensed as a business, prior to July 1, 2016 (10 points)? or <del>b.</del> Did you own and operate a medical cannabis dispensary or collective garden licensed as a business in a DIA (30 points)?	<u>If a. : 10</u>  <u>If b. : 30</u> <u>in a DIA</u>	

<u>77</u>	<p><u>Did you apply, qualify, and receive a score during the last Social Equity application window under HB2870 but not move forward to the application process?</u></p> <p><u>9. Have you held, or do you currently hold 51 percent% majority/controlling interest of a state cannabis (marijuana) retailer license?</u></p> <p>No = 10 points Yes = 0 points</p>	<p><u>15</u> if no: <u>15</u> <u>if yes: 0</u></p>
<u>Total Maximum Points</u>		<u>255</u>
<u>87</u>	<p><u>Did you apply, qualify, and receive a score during the last Social Equity application window under HB2870 but not move forward to the application process?</u></p> <p><u>Did you apply and qualify under HB 2870, but were not selected to move forward?</u></p>	<p><u>if no: 0</u> <u>if yes: 15</u></p>
<u>Total Maximum Points</u>		<u>310</u> <u>points</u> <del><u>285</u></del>

~~(ix) The~~

(c) Preliminary score. Upon initial assessment of the social equity program application materials, the social equity contractor will provide the board registrant with a list of eligible 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 scored manner specified by the social equity contractor no later than 21 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.

~~(\*) Neither~~ (e) **Prioritization.** Qualified registrants with highest final scores will be prioritized by the social equity contractor ~~per its~~ 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 shall of any contractor benefit from any social equity license or licenses granted as a result of their review. 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.

~~(d) (i5) **Board review. notification.**~~

(a) **Preliminary letter of approval.** Social equity applicants that are scored highest and prioritized by the social equity contractor within the county selected by the social equity applicant will be processed by the board and provided with a preliminary letter of approval. Only qualified applicants who receive a preliminary letter of approval from the board may apply for a social equity license.

~~(ii) In the event of a tie, the board will use a double blind lottery conducted by an independent third party to identify the application(s) that will be processed.~~

~~(c) **Preliminary letter of approval.** Once the social equity applications that will be processed are identified as described~~

~~in this section, eligible social equity applicants will be issued a preliminary letter of approval.~~

~~(4) **Additional provisions.**~~

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

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

~~(c) **Social equity applicants may apply for a social equity license once per application window.** If a social equity applicant applies more than once, the (b) **Withdrawal letter.** The board will accept only the first application issue a withdrawal letter notifying registrants that are not eligible —.~~

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

~~(e) **Qualifying for the social equity program will not result in or guarantee cannabis business license approval.**~~

~~Social equity applicants must meet all license qualifications in WAC 314-55-077 and this chapter to receive a license.~~

~~(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. Licenses awarded under this section may only be transferred to or assumed by individuals or groups of individuals who meet the definition of apply for a social equity program applicant for a period of five years from the date of the initial license was approved. license if:~~

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

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

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

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

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

~~(d)~~ The social equity applicant(s) ~~requests withdrawal of~~qualified for the social equity program application at any time in the application process.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.

(v) The social equity applicant(s) mustregistrant makes a voluntary request withdrawal 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.

(6) **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. If the applicant submits more than one license application to the board, the board will only review the first application submitted.

(b) **Location and financing.** There are no time restrictions for when a social equity applicant must select and secure a location and/or financing.

(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) **License mobility.** Effective 90 days after the license application window closes in 2025, social equity applicants, who applied under chapter 236, Laws of 2020, and are unable to secure a location in the county where the license is allocated, by January 1, 2028, may relocate the initial license location to any city, town, or county in the state of Washington.

(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.** Social equity licenses awarded under this section may not be transferred or assumed within the first year of the license being issued. Once permitted, social equity licenses may only be transferred to or

assumed by person(s) who qualify for the social equity program based on the qualification requirements in place at the time of the initial licensure and for a period of at least 5 years from the date the license was initially issued.

(g) Appeals.

A social equity registrant or applicant who has been withdrawn or denied has the right to appeal the decision, except when the applicant or registrant requests the withdrawal. The appeal must be submitted within 20 days after being notified by the board.

(107) **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 is located due to a ban or moratorium.

(a) Title certificate holders may reinstate their existing cannabis license in anywhere in the county where the license was originally allocated.

(b) Title certificate holders may reinstate their existing license under the social equity program and, effective 90 days after the license application window closes in 2025, and may

relocate the title certificate privilege for an initial license location into any city, town, or county in Washington state. To reinstate a license under the social equity program, title certificate holders must register and submit application materials to the social equity contractor for an eligibility determination. 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) An application to reinstate a license and application for a social equity license must be submitted to the board.

(iii) 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.

(11) **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 69.50.335, 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.]