



# Washington State Liquor and Cannabis Board

## Social Equity Rulemaking (E2SSB 5080) Stakeholder Engagement Session

Wednesday, May 22, 2024  
5:30 p.m. – 7:30 p.m.

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# Washington State Liquor and Cannabis Board

## Agenda

Wednesday, May 22, 2024

5:30 p.m. – 7:30 p.m.

**Welcome &  
Opening Remarks**

5:30 p.m. – 5:40 p.m.

**Background &  
Objective**

5:40 p.m. – 5:50 p.m.

**Review and gather  
feedback on draft  
changes to rules**

5:50 p.m. – 7:15 p.m.

**Wrap up: Next  
Steps & Resources**

7:15 p.m. – 7:30 p.m.



# Awareness and Expectations

1. The session is being recorded.
2. All comments and chat entries are subject to public disclosure.
3. The MS Teams chat will be open for comments and questions, if the chat is not being used to attack people, or their position on an issue.
4. Be respectful and constructive.
5. Any abusive language and/or profanity will not be tolerated.



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## Engagement Format (Hybrid)

### **In-person** (*Highline Community College*)

- Raise your hand to speak and microphone will be handed to you by the LCB staff member.

### **Virtual** (*MS Teams*)

- Raise your hand to speak. You will not be able to mute/unmute your mic.
- You have the option to turn your camera on and off.





# Washington State Liquor and Cannabis Board

## Purpose

1. Engage in dialogue and gather constructive feedback on draft rules that are being proposed (chapter 314-55-570 WAC) to implement the changes to the social equity in cannabis program made by Engrossed Second Substitute Senate Bill (E2SSB 5080).
2. Gain and understanding of what issues are important to consider in the rule development.
3. Start conversations about topics and points of consideration.
4. Provide some understanding about our thinking and intent.
5. Hear from a variety of people



## Reminders

1. All rule language is in a preliminary and conceptual draft stage.
2. Concepts have been developed based on feedback received.
3. Recent feedback has been incorporated into today's presentation.
4. Nothing has been finalized.
5. There will be no decisions made today.
6. All feedback will be considered.
7. Not all feedback can be adopted.
8. Additional comments and feedback after the meeting can be provided through email to [rules@lcb.wa.gov](mailto:rules@lcb.wa.gov)



# Outline of Today's Discussion on the Draft

- New and amended definitions
- New registration process
- Changes to the qualification requirements
  - Documentation demonstrating eligibility
- New County license threshold determination
- Social equity license application process
  - License mobility
  - License threshold determination
- Title certificate holder
- Social equity plan and license reimbursement



# Constructive Feedback

- ✓ **Understand the Objective:** Ensure feedback directly contributes to achieving the intended outcomes.
  - Understanding the objective in context of providing feedback on draft rules is crucial for ensuring that the input you provide is relevant, actionable, and aligns with the overall goals.





# Providing Constructive Feedback

- ✓ **Be Specific and use direct references:** quote exact passages or points in the draft when discussing them.
  - Examples of specific feedback:
    - “The term \_\_\_\_ in subsection x is ambiguous. Please provide further clarity about what the term means.
    - “The requirement in subsection x regarding \_\_\_\_ doesn’t address \_\_\_\_\_. I suggest the requirement be \_\_\_\_\_.”
  - Examples of non-specific feedback:
    - “This part needs more work.”
    - “I don’t like how this section is written.”
    - “The rule is too complicated.”



## Amended Definitions

### *“Disproportionately impacted area”*

- **Reason for change:** Align with statutory changes and board methodology for determining DIAs

### *“Median household income”*

- **Reason for change:** Improve clarity

### *“Preliminary letter of approval”*

- **Reason for change:** Improve clarity





## Amended Definitions Cont.

### *“Social equity program applicant”*

- **Reason for change:** Distinguish “registrant” from “applicant”

### *“Social equity contractor”*

- **Reason for change:** Improve clarity

### *“Social Equity Program Applicant”*

- **Reason for change:** Distinguish “registrant” from “applicant”



## New Definitions

*“Social equity license application” and*

*“Social equity program application and verification documents”*

- **Reason for change:** Distinguish applying for the program to be reviewed and scored by the contractor from applying for a social equity license once the contractor determines eligibility for the program.

*“Social equity registrant”*

- **Reason for change:** Distinguish “registrant” from “applicant”



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## Registration process

**New process:** Registration through an online portal is required before submitting documents to the contractor.

- Submitting application to BLS is no longer required
- 30 calendar day registration window
- Removal of fees
- Once registered, a confirmation will be sent, and the registrant will be forwarded to contractor who will reach out for application materials.

**Reason for change:** Replaces the initial application requirements in subsection (3)(b) to reduce barriers to entry.





## Qualification #1: Living in a DIA

**Example documents demonstrating eligibility:** Mortgage statements or contracts, bank statements, lease agreement, residential property deed, home or auto insurance policy documents, Federal or state tax returns that show your address for each year, utility bills (e.g., gas, water, electricity, or internet services), employment records (e.g., pay stubs, employment contracts, or letters from your employer(s) verifying your address), school records (e.g., transcripts or enrollment records), voter registration, and any government or financial institution correspondence, such as IRS letters or bank notifications, or credit reports. Any combination of documents may be utilized to demonstrate the qualification.

- **Reason for change:** Improve clarity and reduce barriers to entry.



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## Qualification #2: Arrest or Conviction for a Cannabis Offense

**Example documents demonstrating eligibility:** Documents containing the date of the arrest or conviction, date of the charge, and the law enforcement agency involved may be used, 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 or social media posts 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, other paperwork demonstrating court mandates, or background checks. Any combination of documents may be utilized to demonstrate the qualification.

- **Reason for change:** Improve clarity and reduce barriers to entry



## Qualification #3: Household Income

**Documents demonstrating eligibility:** Tax records, verification letter stating your salary and terms of employment, social security benefits statements or letter from the Social Security Administration confirming the amount you receive in benefits, unemployment benefits statements, pension distribution statements showing regular income from retirement funds, court ordered agreements, such as alimony or child support documents, annuity statements from an insurance company showing regular annuity payments, workers' compensation letter from an employer or insurance company detailing workers' compensation payments, disability insurance award letter confirming disability qualification.

- Reason for change: Improve clarity and reduce barriers to entry





## Qualification #4: Socially and Economically Disadvantaged

**Documents demonstrating eligibility:** Those documents required by the office of minority and women's business enterprises for certification. Any combination of documents may be utilized.

- **Reason for change:** Improve clarity and reduce barriers to entry



## Eligible for Social Equity Contractor Scoring

**New subsection (4)(a):** Only those who meet 2 out of 4 qualifications will be scored. No duplicate points if multiple persons from the same group qualify for the same criterion.

- **Reason for change:** Statutory mandate and clarity





# Social Equity Contractor Review & Scoring

## **New process – Remedy period:**

- The social equity contractor will provide the registrant with a preliminary score with an explanation for the score, and the registrant may submit additional verification documents which may improve the final score.
- A comprehensive explanation of the scoring will accompany the final score.

**Reason for change:** Based on stakeholder feedback and to reduce barriers to entry.





## Double-Blind Lottery

**Process changes:** In the event of a tie between qualified registrants who have the highest score, a double-blind lottery will be conducted by an independent third-party contractor who is not the social equity contractor.

- **Reason for change:** A tie for those who score highest in a county is no longer relevant since E2SSB 5080 allows for statewide locations. Social equity registrants do not need to identify the county in which the business will be in the social equity program application materials submitted to the contractor.



## Board Notification

### Amended language:

- Subsection (a) outlines the issuance of a preliminary letter of approval for social equity applicants. The highest-scoring applicants, as determined by the social equity contractor within the applicant's chosen county, will be processed by the Board. Receipt of this preliminary letter is a prerequisite for applying for a social equity license.
- Subsection (b) details the circumstances under which a withdrawal letter will be issued. This letter is sent to registrants who are ineligible for a social equity license due to any of the following: incomplete or incorrect application materials as assessed by the social equity contractor; failure to submit application materials within the specified timeframe; non-selection for continuation in the licensing process; or a voluntary withdrawal request submitted in the prescribed form and manner. It should be noted that voluntarily withdrawing an application does not entitle the applicant to a hearing.



**Reason for change:** Improve clarity



## Ownership Adjustments

**New subsection:** Qualified social equity applicants selected to move forward may adjust 49% of the business interested specified in the application reviewed and scored before continuing with the process to apply for a social equity license. Changes must be submitted to the board prior to the license application submission.

- **Reason for change:** Flexibility for financing





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## County Threshold

General licensing  
process (sec 7)



Location  
and Financing



License transfer and  
assumptions sec (9)





## License Mobility

**New subsection (8)(b) created:** Social equity licenses issued under E2SSB 5080 may be in any city, county or town in the state that allows cannabis business license activities at the proposed location but cannot change locations after the license has been issued.

- **Reason for change:** Statutory mandate





## Local Ordinance

*New subsection (8)(c): Cities, towns, or counties can limit retail outlet density through ordinances. However, the board won't consider such ordinances for applications submitted before the ordinance's effective date, as the sole reason for license non-renewal requests for licenses issued before the ordinance but will consider objections related to such ordinances enacted before a license application was received.*

- **Reason for change:** Statutory mandate



## County Threshold

**New subsection (8)(a):** “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 five years, beginning July 2029. In making its determination, the Board shall consider market conditions, economic trends, demographics, and other relevant factors.”

- **Reason for change:** Statutory mandate



## Title Certificate Holders

**New subsection (9):** A Social Equity Title Certificate Holder, defined as a Title Certificate Holder eligible as a social equity applicant, can reinstate and relocate their cannabis retail license within the original county. Approval of a business entity structure by the board is required before applying to reinstate the license.

Relocating and reinstating the license outside the original county is not permitted; a new application and qualification as a social equity applicant are necessary for such operations.

- **Reason for change:** Statutory mandate and to distinguish a title certificate holder from a social equity title certificate holder.





## Social Equity Plan & Reimbursement

**New subsection (10) created:** Cannabis licensees, who are not social equity applicants or social equity licensees, may submit a social equity plan for a one-time reimbursement for licensing fee, on only one license.

- **Reason for change:** Statutory mandate – submitting a social equity plan to qualify for the social equity program is no longer required.





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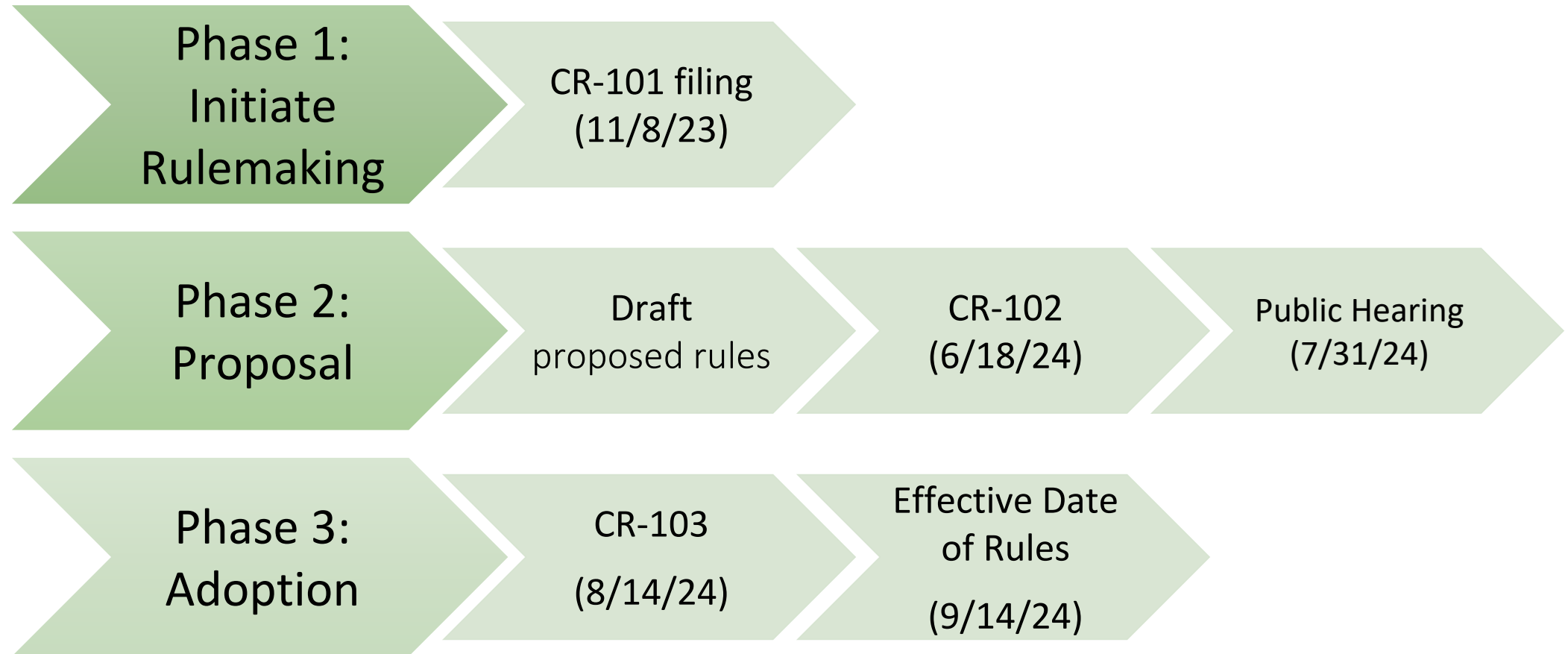
## Next steps

- Written comments on draft rule changes will be accepted until Friday, May 24<sup>th</sup> (11:59 p.m.)
- Update draft language based on feedback received
- Survey to gather further feedback on updated draft changes is planned to be disseminated Thursday June 06, 2024 (subject to change) . Survey will be open for 1 week.
- CR-102 filing on 6/18
  - Formal public comment period begins on 6/18
  - Public hearing begins on 7/31
- CR-103 filing on 8/14
  - Effective date of rules 9/14



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## Rulemaking Timeline





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## Contacts and Resources

- Current and upcoming engagement opportunities:  
[https://lcb.wa.gov/laws/outreach\\_and\\_public\\_engagement](https://lcb.wa.gov/laws/outreach_and_public_engagement).
- Rules team email: [rules@lcb.wa.gov](mailto:rules@lcb.wa.gov).
- Learn about the rulemaking process and ways to engage:  
<https://lcb.wa.gov/laws/rulemaking-overview>.



## Social Equity Program Resources

- Website: <https://lcb.wa.gov/se/cannabis-social-equity>
- Blog: <https://medium.com/lcbsocialequity>
- Social Equity Email: [LicensingSocialEquity@lcb.wa.gov](mailto:LicensingSocialEquity@lcb.wa.gov)
- Social Equity Plan Email: [SocialEquityPlan@lcb.wa.gov](mailto:SocialEquityPlan@lcb.wa.gov)





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Thank You!