



# PROPOSED RULE MAKING

## CR-102 (June 2024) (Implements RCW 34.05.320) Do NOT use for expedited rule making

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STATE OF WASHINGTON  
FILED

DATE: August 06, 2024

TIME: 12:11 PM

WSR 24-16-130

**Agency:** Washington State Liquor and Cannabis Board

**Original Notice**

**Supplemental Notice to WSR** \_\_\_\_\_

**Continuance of WSR** \_\_\_\_\_

**Preproposal Statement of Inquiry was filed as WSR 23-23-062 ; or**

**Expedited Rule Making--Proposed notice was filed as WSR** \_\_\_\_\_; or

**Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1); or**

**Proposal is exempt under RCW** \_\_\_\_\_.

**Title of rule and other identifying information:** (describe subject) Title 314-55 WAC. Rule language is being proposed to WAC 314-55-570 to implement Engrossed Second Substitute Senate Bill (E2SSB) 5080, (chapter 220, Laws of 2023) to expand and improve the social equity in cannabis program, including revisions to the scoring and application process, county licensing thresholds, and local jurisdiction objections.

**Hearing location(s):**

Date:	Time:	Location: (be specific)	Comment:
September 11, 2024	10:00 A.M.	All public Board activity will be held in a "hybrid" environment. This means that the public will have options for in-person or virtual attendance. The Board room headquarters building in Olympia (1025 Union Avenue, Olympia, WA 98504) will be open for in-person attendance and the public may also login using a computer or a device, or call-in using a phone, to listen to the meeting through the Microsoft Teams application. The public may provide verbal comments during the specified public comment and rules hearing segments. TVW also regularly airs these meetings. Please note that although the Boardroom will be staffed during a meeting, Board members and agency participants may continue to appear virtually.	For more information about Board meetings, please visit <a href="https://lcb.wa.gov/Boardmeetings/Board_meetings">https://lcb.wa.gov/Boardmeetings/Board_meetings</a>

**Date of intended adoption:** No earlier than September 25, 2024 (Note: This is **NOT** the **effective** date)

**Submit written comments to:**

Name Cassidy West, Policy and Rules Manager

Address PO Box 48030, Olympia WA 98504-3080

Email rules@lcb.wa.gov

Fax 360-704-5027

Other

Beginning (date and time) August 6, 2024, 12:00 PM

**Assistance for persons with disabilities:**

Contact Anita Bingham, ADA Coordinator, Human Resources

Phone 360-878-4235

Fax 360-664-9689

TTY 7-1-1 or 1-800-833-6388

Email anita.bingham@lcb.wa.gov

Other

**Purpose of the proposal and its anticipated effects, including any changes in existing rules:** The proposed rules are intended to expand and improve the Social Equity in Cannabis Program as directed by Engrossed Second Substitute Senate Bill 9E2SSB) 5080, chapter 220, Laws of 2023. This includes revising definitions, adjusting eligibility criteria, refining the application and scoring processes to ensure a more equitable distribution of cannabis licenses to individuals from communities impacted by previous Drug War policies. The proposed rules modify WAC 314-55-570, as follows:

1. **Definitions:** Definitions are amended to enhance clarity, inclusivity, and conform with statute: “disproportionately impacted area,” “social equity plan,” “family member,” “median household income,” “preliminary letter of approval,” “social equity contractor” and “social equity program applicant. A new definition for social equity registrant was created and the definition for social equity applicant modified to distinguish two phases of the application process. A social equity registrant is an individual who has registered to be evaluated for qualification under the social equity criteria. A social equity applicant is an individual who has submitted an application for eligibility for the social equity program, has been evaluated and scored by the social equity contractor based on the scoring rubric, and received a preliminary letter of approval by the board.
2. **Initial application process:** The initial application process has been amended to provide for registration through an online portal to reduce barriers to entry associated with the eligibility screening for the social equity program, such as financial costs and compliance burden associated with applying for a business license through other state agencies before the social equity contractor scoring evaluation.
3. **Scoring Rubric:** The scoring rubric is adjusted to focus on the four areas of qualification for the social equity program identified in E2SSB 5080. The scoring rubric criteria are modified to more equitably consider the obstacles encountered by candidates from marginalized communities, in response to feedback from the community advocating for a nuanced evaluation of qualifications and circumstances.
4. **License Mobility:** Changes to the license mobility requirements involve allowing HB 2870 applicants who have not secured a location within 90 days after the closure of the 5080 application window to locate their license to a different county from its original allocation.
5. **Right to Appeal:** Appeal rights are clearly established for applicants withdrawn or denied a license.
6. **Title Certificate Holders:** The rule allows title certificate holders to reinstate their licenses under the social equity program with eligibility determination and relocation options, providing avenues for title certificate holders to re-enter the market under social equity considerations reflecting public feedback on inclusivity and equitable access to licensing opportunities.
7. **Local Objection:** Local jurisdictions can object to the location of proposed cannabis retail licenses based on preexisting ordinances limiting retail outlet density. The Board will give substantial weight to these objections.
8. **County Thresholds:** E2SSB 5080 required the LCB to identify thresholds for the number of producer, processor, and retailer licenses in each county. The rule establishing the county thresholds will be evaluated every three years beginning in 2029 and will be published on the LCB’s website. Established thresholds indicate the number of potentially viable licenses by county based on an analysis of market conditions and other relevant factors conducted by a third-party economist.
9. **Conflict of Interest:** Conflict of interest safeguards were added to reduce risk of any preferential treatment between the third-party vendor and applicants or licensees.

**Reasons supporting proposal:** The amendments seek to address historical disparities within the cannabis industry by providing greater opportunities for those impacted by the enforcement of cannabis prohibition. The rules aim to foster economic inclusivity and social restoration.

**Statutory authority for adoption:** RCW 69.50.331, RCW 69.50.335, RCW 69.50.345

**Statute being implemented:** RCW 69.50.335, as amended by E2SSB 5080, (chapter 220, Laws of 2023)

**Is rule necessary because of a:**

Federal Law?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Federal Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
State Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

If yes, CITATION:

**Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:** The agency recommends that these rules be implemented as proposed to fulfill the legislative intent of E2SSB 5080, ensuring a robust and equitable social equity program.

**Name of proponent:** (person or organization)

**Type of proponent:**  Private.  Public.  Governmental.

**Name of agency personnel responsible for:**

	Name	Office Location	Phone
Drafting Rules Manager	Cassidy West, Policy and	1025 Union Avenue, Olympia, WA 98504	360-878-4235

Implementation Rebecca Smith, Director of Licensing and Regulation 1025 Union Avenue, Olympia, WA 9850 360-664-1753

Enforcement Chandra Wax, Director of Enforcement and Education 1025 Union Avenue, Olympia, WA 9850 360-664-1726

Is a school district fiscal impact statement required under [RCW 28A.305.135](#)?  Yes  No

If yes, insert statement here:

The public may obtain a copy of the school district fiscal impact statement by contacting:

- Name
- Address
- Phone
- Fax
- TTY
- Email
- Other

Is a cost-benefit analysis required under [RCW 34.05.328](#)?

Yes: A preliminary cost-benefit analysis may be obtained by contacting:

- Name
- Address
- Phone
- Fax
- TTY
- Email
- Other

No: Please explain: : A cost benefit analysis is not required under RCW 34.05.328 because the subject of the proposed rulemaking does not qualify as a significant legislative rule or other rule requiring a cost benefit analysis under RCW 34.05.328(5)(c)

### Regulatory Fairness Act and Small Business Economic Impact Statement

Note: The [Governor's Office for Regulatory Innovation and Assistance \(ORIA\)](#) provides support in completing this part.

#### (1) Identification of exemptions:

This rule proposal, or portions of the proposal, **may be exempt** from requirements of the Regulatory Fairness Act (see [chapter 19.85 RCW](#)). For additional information on exemptions, consult the [exemption guide published by ORIA](#). Please check the box for any applicable exemption(s):

This rule proposal, or portions of the proposal, is exempt under [RCW 19.85.061](#) because this rule making is being adopted solely to conform and/or comply with federal statute or regulations. Please cite the specific federal statute or regulation this rule is being adopted to conform or comply with, and describe the consequences to the state if the rule is not adopted.

Citation and description:

This rule proposal, or portions of the proposal, is exempt because the agency has completed the pilot rule process defined by [RCW 34.05.313](#) before filing the notice of this proposed rule.

This rule proposal, or portions of the proposal, is exempt under the provisions of [RCW 15.65.570](#)(2) because it was adopted by a referendum.

This rule proposal, or portions of the proposal, is exempt under [RCW 19.85.025](#)(3). Check all that apply:

- |   |   |
|---|---|
| <input type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(b)<br>(Internal government operations) | <input checked="" type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(e)<br>(Dictated by statute)   |
| <input type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(c)<br>(Incorporation by reference)     | <input type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(f)<br>(Set or adjust fees)   |
| <input type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(d)<br>(Correct or clarify language)    | <input type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(g)<br>(i) Relating to agency hearings; or (ii) process requirements for applying to an agency for a license or permit) |

This rule proposal, or portions of the proposal, is exempt under [RCW 19.85.025](#)(4). (Does not affect small businesses).

This rule proposal, or portions of the proposal, is exempt under RCW 34.05.310(4)(e).

Explanation of how the above exemption(s) applies to the proposed rule: This rule proposal is exempt because it involves agency actions that are mandated by statute, implementing Engrossed Second Substitute Senate Bill (E2SSB 5080), chapter

**(2) Scope of exemptions:** *Check one.*

- The rule proposal: Is fully exempt. (*Skip section 3.*) Exemptions identified above apply to all portions of the rule proposal.
- The rule proposal: Is partially exempt. (*Complete section 3.*) The exemptions identified above apply to portions of the rule proposal, but less than the entire rule proposal. Provide details here (consider using [this template from ORIA](#)):
- The rule proposal: Is not exempt. (*Complete section 3.*) No exemptions were identified above.

**(3) Small business economic impact statement:** *Complete this section if any portion is not exempt.*

If any portion of the proposed rule is **not exempt**, does it impose more-than-minor costs (as defined by RCW 19.85.020(2)) on businesses?

- No Briefly summarize the agency's minor cost analysis and how the agency determined the proposed rule did not impose more-than-minor costs.
- Yes Calculations show the rule proposal likely imposes more-than-minor cost to businesses and a small business economic impact statement is required. Insert the required small business economic impact statement here:

The public may obtain a copy of the small business economic impact statement or the detailed cost calculations by contacting:

- Name
- Address
- Phone
- Fax
- TTY
- Email
- Other

<b>Date:</b> August 6, 2024	<b>Signature:</b> 
<b>Name:</b> David Postman	
<b>Title:</b> Chair	

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

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

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

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

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

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

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

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

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

(iii) Spouse or domestic partner;

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

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

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

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

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

complete)) additional information that may be necessary for continuing with the licensing application process.

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

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

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

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

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

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

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

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

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

~~(a))~~ Registering for the social equity program. Registration through a designated portal is required prior to submitting application materials to the social equity contractor. If two or more individuals are registering as a single applicant, only one individual may fill out the registration form on behalf of the other individuals who are applying.

(a) Registration window. The registration window(s) will be 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 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, manner, and time frame required by the social equity contractor. Application materials submitted after the specified time frame will not be reviewed or scored. Registrants are responsible for

ensuring the application is complete, accurate, and successfully submitted.

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

~~(b) At least a)~~ )). Social equity applicants with the highest scores will be prioritized 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. Each individual comprising the 51 percent majority ~~((, or controlling interest, in the applicant, must be held by a person, or persons, who has or have resided in Washington state for six months prior to the application date, consistent with RCW 69.50.331, and meets at least two of the following qualifications))~~ must meet at least two of the four qualifications below:

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

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

(B) Affidavits may be used as a supplemental document to demonstrate the registrant meets the qualifications under (4)(a)(i) of this subsection, provided that the affidavit is accompanied by other documents. The social equity contractor 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, 314-55-073, or 314-55-505.

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

(A) 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 pa-

perwork, 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, 314-55-073, or 314-55-505.

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

(A) Proof of household income 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.

((~~(3) Social equity application process.~~)) **(5) Registering for the social equity program.**

(a) **Application window.**

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

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

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

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

(b) **Initial application requirements.**

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

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



and payment must be submitted within the 30-day application window for the application to be accepted.

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

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

~~(v) A location address is not required at the time of application) that considers market demand, impacts related to license density, and availability of licenses.~~

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

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

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

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

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

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

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

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

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

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

~~(vi) If the application is determined to be incomplete by the social equity contractor, the social equity applicant will be provided with 14 days to submit a complete application. The social equity con-~~

tractor will score the application based on the materials submitted within the time frame.

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

~~(viii) After the social equity contractor determines that the requirements have been met, the social equity contractor will score social equity applications using the following scoring rubric to prioritize social equity applicants:))~~ (a) **Submission requirements.** Social equity program application materials must be submitted directly to the social equity contractor in the form, manner, and time frame required by 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.

(b) **Who is eligible to be scored:** Scoring by the social equity contractor will be limited to each registrant who meet two out of the four required social equity program qualifications.

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

Social Equity Application Scoring Rubric		
Category	Eligibility Requirements	Point Scale
	1. Lived in a disproportionately impacted area (DIA) 1-5 years = 15 points 6-10 years = 20 points 11+ years = 40 points	40
	<del>((1a. How long have you lived in a DIA? 5y-10y = 20 points 10+ years = 40 points</del>	<del>40))</del>
	2. Convicted of a drug offense? (Self) = 5 points Convicted of a cannabis offense? (Self) = 40 points	<del>((10))</del> 40
	<del>((2a. Convicted of a cannabis offense? (Self)</del>	<del>40))</del>
	3. Convicted of a drug offense? (Family) = 5 points Convicted of a cannabis offense? (Family) = 20 points	<del>((5))</del> 20
	<del>((3a. Convicted of a cannabis offense? (Family)</del>	<del>5))</del>
	4. If you were convicted of a cannabis offense, what type of sentence did you receive: Fine = 10 points Served probation or Confined to home = <del>((20))</del> 30 points <del>((Confined to home = 40 points))</del> Served time in jail or prison = 80 points	80
	<del>((5. Did you or your family member's incarceration keep you from getting employment?</del>	<del>5</del>
	<del>6. Did you lose your home or ability to purchase a home or rent a home as a result of your convictions or arrests?</del>	<del>5))</del>
	<del>((7.))</del> 5. Is your household income less than the median household income within the state of Washington as calculated by the United States Census Bureau?	<del>((40))</del> 30
	<del>((8. Did you own or operate))</del> 6. Owned a medical cannabis dispensary or collective garden, licensed as a business, prior to July 1, 2016 <del>((10 points?))</del> = 5 points	<del>((10))</del>
	<del>((or</del> Did you own and operate)) Owned a medical cannabis dispensary or collective garden licensed as a business in a DIA <del>((30 points?))</del> = 25 points	<del>((30 in a DIA))</del> 25
	<del>((9. Have you held or do you currently hold 51 percent majority/controlling interest of a state cannabis (marijuana) retailer license? No = 10 points Yes = 0 points))</del> 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	<del>((10))</del> 15
	<b>Total Maximum Points</b>	<del>((310))</del> 250 points

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

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

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

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

(e) **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.

(f) **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.

(g) **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.

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

(7) **Board notification.**

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

((4) **Additional provisions.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(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, may locate 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. Licenses awarded under this section may not be transferred or assumed within the first year of the license being issued. Once permitted, licenses awarded under this section may only be transferred to or assumed by individuals or groups of individuals who meet the definition of a social equity program applicant for a period of five years from the date of the initial license was approved.

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

days after the date the notification of withdrawal, denial, nonrenewal, or revocation was mailed to the applicant or licensee.

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

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

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

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

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

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

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

(b) Title certificate holders that meet the requirements of a social equity applicant may reinstate their existing license under the social equity program, effective 90 days after the license application window closes in 2025 and may relocate the title certificate privilege for an initial license location to 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.

(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.