



Welcome!

Rulemaking and Traceability

Webinar to begin shortly



Housekeeping Items

- Attendees are muted for this presentation
- To view the presentation on your full screen, click the diagonal double-headed arrow in the white bar
- To return to the screen with the Q&A section, click the “Return” button at the top center of your screen on the menu that appears when you hover over the blue area
- Both presentations will be given before Q&A
- Submit your questions in the Q&A section on your screen by typing them in and hitting “Enter”
- Questions will be answered as time allows
- All questions not answered will be answered in writing, and emailed to all attendees



Rulemaking Process and Current Rulemaking

**Joanna Eide, Rules and Policy
Coordinator/Tribal Liaison**



Understanding the Rulemaking Process

For a new rule or change to an existing rule to become effective, all Washington state agencies must follow the steps described in the Administrative Procedure Act (APA) in Chapter 34.05 RCW.



Steps in the Rulemaking Process

1. File preproposal statement of inquiry (CR-101).
(No rule language included)
2. Publish and email notices.
3. Draft the rule and prepare a Small Business Economic Impact Statement (SBEIS) if required.
4. File proposed rulemaking notice (CR-102). Publish and email notices.
5. Accept public comments in writing and hold a public hearing.
6. Prepare a Concise Explanatory Statement (CES) for the rulemaking.
7. File a rulemaking order to adopt the rule (CR-103).



Other Possible Rulemaking Actions

Emergency Rules

- Critical rule changes requiring immediate action
(*do not require public notice or hearings*)
- Emergency rules cannot become permanent unless the regular rulemaking steps are followed
- Standard for emergency rules: RCW 34.05.350

Expedited Rulemaking

- This shortened process allows the LCB – *in extremely limited circumstances* – to adopt or repeal a rule without a public hearing or comment process
- Generally, the LCB uses the formal rulemaking process



RCWs vs. WACs

The primary difference between RCWs and WACs is

RCWs = Laws and Statutes

WACs = Rules



RCWs (Law/Statute)

- The Revised Code of Washington (RCW) is the compilation of all permanent laws now in force. It is a collection of Session Laws (enacted by the Legislature, and signed by the Governor, or enacted via the initiative process), arranged by topic, with amendments added and repealed laws removed.
- Title 69; Chapter 69.50 is where you will find the “Uniform Controlled Substances Act” and contains most of the laws related to regulated marijuana in Washington. Chapter 69.51A RCW contains medical marijuana laws.
- RCWs delegate rulemaking authority to agencies to create WACs.



WACs (Rule)

- Washington Administrative Code (WAC)
- Regulations of executive branch agencies are issued by authority of statutes. Like legislation and the Constitution, regulations are a source of primary law in Washington State. The WAC codifies the regulations and arranges them by subject or agency.
- Title 314 WAC is where all of the LCB WACs are located. Chapter 314-55 WAC contains marijuana rules.



Current Open Rulemaking



Packaging and Labeling Rulemaking

- CR-101 filed January 11, 2017
- Research is ongoing currently with a workgroup of internal and external stakeholders
- CR-102 to be filed Spring 2017 (Target April)
 - Public Hearing and Written Comment period will be included with the CR-102 filing
 - CR-103: The Board will be asked to adopt the rules and the CR-103 will be filed after the public comment period and public hearing



Packaging and Labeling Scope

- Review and update packaging requirements to address on-going industry issues and concerns
- Determine what health- and safety-related statements must be on the label
- Determine what educational information must be provided to consumers (streamline, clarify)
- Consider use of a symbol to be used on packaging that shows the product is or contains marijuana
- Define standards that will be used for determining whether the product or the packaging is especially appealing to children
- Make other technical changes as needed to improve clarity and organization of rules (WAC 314-55-077, WAC 314-55-095, WAC 314-55-105, etc.)
- Determine the method of informing and educating licensees to ensure compliance



Packaging/Labeling Considerations

- Understand the impact of changes to industry and need for lead-time
- WSLCB will consider delayed or staggered effective dates for rule changes where necessary
- Looking for the win-win: Rule changes in this project should increase efficiency and reduce pressure on “real estate” on labels
- Finding more effective ways to convey information and warnings
- Surveys, studies, etc.



Producer Tiers/Licenses Considerations

- CR-101 filed March 8, 2017
 - May 17, 2017 End of initial written comment period
- CR-102 target date May 17, 2017. If filed on this date:
 - June 28, 2017 Public Hearing held / End of written comment period
 - July 12, 2017 Board is asked to adopt rules and LCB will file CR-103 with the Code Reviser
 - August 13, 2017 rules are effective (31 days after filing)*

*The WSLCB may choose to adopt a delayed effective date for one or more of the provisions in the rulemaking due to implementation/workload issues which would extend this timeline if adopted.



Producers Tiers/Licenses Considerations

- Responding to industry requests to revisit tier structure and number of licenses producers may hold interests in
 - Smaller growers wish to expand
 - Requests for a way to move up tiers
- Currently forming proposal, including implementation considerations
- Canopy considerations



Lab QA Rules

- Supplemental CR-102 filed March 8, 2017
- Public Hearing and end of written comment period May 3, 2017
- Request Board adopt rules on May 17, 2017
 - CR-103 will be filed same day
 - Effective date 31 days after filing: June 18, 2017
 - *WSLCB may consider a delayed effective date for some of the requirements in this rulemaking. Notice will be given.*



Lab QA Rules

Supplemental CR-102 filed with changes after considering and analyzing comments from the CR-102, additional feedback from labs, our certifying vendor, and staff, and other adjustments needed due to system constraints

What changed?

- Back to single potency test in current rules
- Back to sample size/number in current rules
- Back to 5 lb. maximum lot size in current rules
- Ethanol removed from residual solvents list
- Technical changes to Pesticide Action Levels – Mirror DOH rules
- Technical changes to Laboratory Checklist



Lab QA Rules

- Items changed in the draft may be revisited in the future
- This is another incremental step in the process
- This rulemaking includes significant steps forward in ensuring accurate quality assurance testing and lab accountability
- We will continue to look at these issues and some of the proposals that we changed over the next year



Stay Informed and Be Active

- Rulemaking listserv and marijuana listserv – available on LCB website
- All Current and Recent Rulemaking activities posted on “Laws and Rules” webpage
- All rules activity and public hearings occur at Board Meetings – Every other Wednesday
- Email comments, questions, and recommendations to rules@lcb.wa.gov

Resources

- www.lcb.wa.gov → Laws and Rules, Board information and agendas
 - Currently making improvements to these pages
- www.leg.wa.gov → All current permanent laws and rules for Washington State
- <http://leg.wa.gov/CodeReviser/Pages/default.aspx> → Code Reviser’s Webpage
- Chapter 34.05 RCW, Administrative Procedures Act



Traceability Update

Peter Corier

MJ Examiner Program Administrator



Traceability Update

The WSLCB is currently in the Request for Proposal (RFP) process for a new traceability system.

- Keep that in mind during this presentation that due to state procurement laws, the WSLCB is limited in what it can say until the procurement process is complete.
- Bid development is exempt from public disclosure.
 - Were LCB to tell specifics, a developer could access that information and have a competitive advantage over others.
 - Opens the state up to legal risk.



Traceability Update

Context for the Current Contract

○ Legalization Timeline

- 2012 – Recreational marijuana legalized in WA by margin of 56 to 44 percent.
- Oct 2013 – WSLCB commences two year contract with traceability vendor (BioTrackTHC)
 - Original contract October 2013 to October 2015
- Nov 2013 – WSLCB begins accepting marijuana license applications



Traceability Update

Changes since then...

- Tribal compacts
- Medical endorsement for retailers
- Cooperatives
- Transportation license
- Research license
- Dept. of Health rules
- Folding existing medical marijuana into the regulatory structure.



Traceability Update

We have simply outgrown the scope of the initial traceability system.

- Today's regulated marijuana market:
 - Over 1,400 producers and processors
 - 490 retail stores
- The WSLCB is seeking a robust traceability system capable of flexing with Washington's growing and diversifying system.



Traceability Update

RCW 39.26.120 - Competitive solicitation

- (1) Insofar as practicable, all purchases of or contracts for goods and services must be based on a competitive solicitation process. This process may include electronic or web-based solicitations, bids, and signatures. This requirement also applies to procurement of goods and services executed by agencies under delegated authority granted in accordance with RCW 39.26.090 or under RCW 28B.10.029.
- (2) Subsection (1) of **this section applies to contract amendments that substantially change the scope of work of the original contract or substantially increase the value of the original contract.**



Traceability Update

Traceability Advisory Group

A group of stakeholders from LCB and industry organizations met with the purpose of WSLCB gathering functional and business uses for the existing traceability system to gather RFP requirements for a new system.

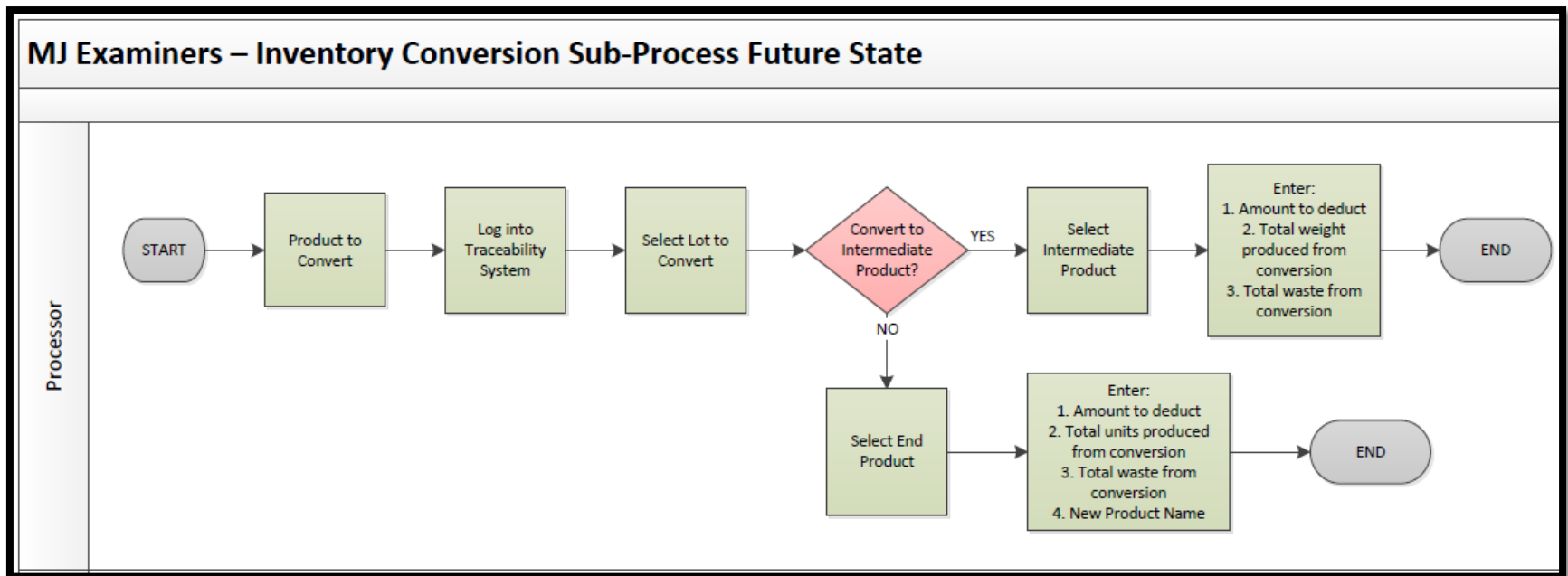
- Industry Members
 - Cannabis Organization of Retail Establishments (CORE)
 - Sungrowers Association
 - Cannabis Farmers Council
 - Cannabis Alliance
 - Washington CanaBusiness Association (WACA)
- WSLCB
 - Led by WSLCB Deputy Director
 - Representatives from all affected divisions



Traceability Update

Traceability Advisory Group

- o Mapping Requirements:





Traceability Update

RFP Timeline

RFP Release Date	March 23, 2017
Preproposal Conference Optional	April 7, 2017
Questions & Answer Period	March 27 - April 12, 2017 by 2:00 pm PST
Proposal Due Date	April 26, 2017
Evaluation Period	April 26 – May 10, 2017
Product Demonstrations and Q&A	May 17-19, 2017
Projected Announcement of Apparent Successful Bidder	May 23, 2017
Debriefing Request Deadline	May 26, 2017
Debriefings	May 30- June 1, 2017
Product Demonstration for Advisory Committee	June 6, 2017
Implementation Planning and Contract Negotiations	June 6-9, 2017
Projected Contract Start Date	June 12, 2017
Projected System Launch	Nov 2017



Traceability Update

Request for Proposal Access

Potential Vendors

- To bid on the RFP you will need to register with Washington Electronic Business Solution (WEBS) managed by the state Department of Enterprise Services: www.des.wa.gov



Traceability Update

Contact

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 - 360-664-1614



Washington State Liquor and Cannabis Board

Q&A



Washington State Liquor and Cannabis Board

Thank You!