



Bill Description: Allowing additional marijuana retail licenses for social equity purposes.

Bill Number: E2SHB 2870

Bill Sponsor: Representative Eric Pettigrew, by request of Liquor and Cannabis Board

Effective Date: June 11, 2020

Amends: RCW 69.50.540; RCW 69.50.325; adds new sections to chapter 69.50 RCW and a new section to chapter 43.330 RCW

Background

In response to a policy priority identified by the Board, this bill was developed by the Liquor and Cannabis Board to provide business opportunities to applicants of cannabis retail store license disproportionately impacted by the enforcement of marijuana prohibition laws. Initiative 502, the 2012 ballot measure that legalized recreational use of cannabis by adults over 21 years of age, did not include provisions or create programs to acknowledge the disproportionate harms the enforcement of cannabis laws had on some populations and communities.

As other states begin to legalize cannabis for medical or adult use, and to license cannabis production, processing, and retail businesses, they are building social equity programs into their legal frameworks. Programs underway in several states and local jurisdictions provide services, earmark money, and/or set aside a percentage of licenses for specific populations and communities. This LCB-request legislation focuses on 34 cannabis retail licenses currently available within the statewide total retail license cap of 569 stores. The 34 licenses are available because they have been forfeited, cancelled, or revoked or were licenses that were never issued, generally due to local government restrictions. Recognizing that cannabis prohibition laws were disproportionately enforced for decades and that the cumulative harms from this enforcement remain even today, the LCB is committed to providing technical assistance to the newly licensed entrepreneurs to help them launch their businesses successfully.

Bill Summary

- A Marijuana Social Equity Program is created, authorizing the LCB to issue retailer licenses that were previously forfeited, cancelled, revoked, or never issued but which could have been issued without exceeding the statewide cap on the number of retail licenses set in rule by the Board.
- These licenses may only be issued to a “social equity applicant,” which is defined as someone who has lived in a disproportionately impacted area or was convicted of a cannabis offense or is a member of a family in which someone was convicted of a cannabis offense. Disproportionately impacted areas are defined as small geographic units such as census tracts or zip codes where there are high rates of poverty, unemployment, participation in income-based programs, and/or cannabis law enforcement.

- Social equity goals are to increase the number of licenses held by social equity applicants from disproportionately impacted areas and to reduce the accumulated harm suffered by people and areas subject to severe cannabis prohibition enforcement.
- Applicants must submit a social equity plan. The plan may include:
 - A description of how the retail license issuance will meet social equity goals;
 - The applicant's personal or family history with the criminal justice system, including any cannabis-related offenses;
 - The composition of the workforce the applicant intends to hire;
 - Neighborhood characteristics of the location where the applicant intends to operate; and
 - Business plans involving partnerships or assistance to organizations or residents with connection to populations with a history of high rates of enforcement of marijuana prohibition.
- A technical assistance grant program is created, to be administered by the Department of Commerce. Grants may be offered to applicants who submit social equity plans.
 - Grants must be awarded competitively, based primarily on the strength of an applicant's social equity plan.
 - Activities eligible for funding under the grant program include, but are not limited to, assistance with the marijuana retailer licensing process, marijuana business education and business plan development, regulatory compliance training, and connecting the social equity applicant with established industry members.
 - Grants are to be financed through a \$1.1 million annual appropriation to the Department of Commerce from the Dedicated Marijuana Account.
- The Legislative Task Force on Social Equity in Marijuana is established, expiring June 30, 2022.
 - The 18-member task force will be appointed jointly by legislative leadership, to include a member from the LCB, Commission on African American Affairs, Commission on Hispanic Affairs, Governor's Office of Indian Affairs, and a member of the cannabis retail community, among several others;
 - Staff support for the task force is to be provided by the Health Equity Council of the Governor's Interagency Council on Health Disparities. Staffing support responsibilities will be transferred to the Office of Equity created by E2SHB 1783, if that bill is enacted, upon request by the Office of Equity.
 - The purpose of the task force is to assist the LCB in developing the program authorized under the bill for issuance of up to 34 marijuana retail licenses, and to advise the Governor and the Legislature regarding future potential development or expansion of the Social Equity Program. One or more reports will be developed by the task force.
 - The task force report, due on December 1, 2020 must address whether any additional licenses should be issued beyond the number already issued or the 34 authorized under the new law.

Contact Information:

If you have questions, please contact [Chris Thompson, Director of Legislative Relations](#).