



Washington State Liquor and Cannabis Board

Bill Description: Modifying provisions regarding social equity in cannabis programs

Bill Number: ESHB 1443

Sponsor: Representative Melanie Morgan

Effective Date: July 25, 2021

Amends: RCW 43.330.540; RCW 69.50.335; and RCW 69.50.336

Background

In 2020, the LCB requested legislation to create a Social Equity in Cannabis program. The Legislature approved, and the Governor signed, E2SHB 2870, authorizing the LCB to issue a limited number of cannabis retail licenses to social equity applicants. The bill also created a technical assistance grant program, to be administered by the Department of Commerce, and formed a Task Force to provide guidance to LCB and Commerce on launching the initial program, while also recommending to the Legislature ways to further develop the social equity program.

Bill Summary

Rep. Morgan, the chair of the Task Force, introduced HB 1443. The original bill was significantly modified during the legislative process, eventually passing as ESHB 1443. The bill changed the existing social equity in cannabis provisions in three areas: expansion of the grant program, eligibility criteria, and Task Force scope and membership.

Social Equity Technical Assistance Grant Program

Eligibility for the grant program is expanded beyond cannabis retail license applicants to include applicants for any cannabis license if they meet the criteria for a social equity applicant as well as any cannabis licensee who was issued a license between June 30, 2020 and the effective date of the Act (July 25, 2021) and who meets criteria for a social equity applicant.

Grant funds can be spent on strengthening a social equity applicant's social equity plan.

The Department of Commerce is authorized to create a **roster of mentors** available to support and advise social equity applicants and current licensees who meet the social equity applicant criteria. The mentors on the roster must have knowledge and experience navigating state licensing and regulatory systems or in the retailing, production and/or processing of cannabis and must be a business that is majority owned by minorities or women.

Social Equity License Eligibility

The bill revises social equity license applicant eligibility criteria as follows:

- Having a drug conviction, or a family member who has had a drug conviction, qualifies someone as a social equity applicant. The previous law included only *cannabis* convictions.

- Rather than eligibility for a social equity license requiring living five of the previous 10 years in a disproportionately impacted area (DIA), the LCB will define by rule the period of time living in a DIA will meet eligibility criteria, after LCB consults with external agencies including the Washington State Commission on African American Affairs.
- The bill also authorizes the LCB to consult with the state Commission on African American Affairs and community members, and then establish by rule additional unspecified criteria by which a person could become eligible as a social equity applicant.

Task Force

Two members are added to the Task Force – ensuring membership includes two processor licensees and two producer licensees. Previously, two producer OR processor licensees were included.

The scope of recommendations from the Task Force to the LCB is expanded beyond retailer licenses to include producer and processor licenses.

The expiration date of the Task Force is delayed by one year, to June 30, 2023.

The **due date** of Task Force's final **recommendations** to the Legislature and the Governor is moved to December, 2022 (from December, 2020).

The Task Force is directed to address additional **topics in its recommendations**, including:

- The social equity impact of changing regulations to allow for residential cannabis cultivation [*Note: growing cannabis is barred for most residents by statute, not by "regulation"*];
- The social equity impact of shifting primary regulation of cannabis production to the Department of Agriculture;
- The social equity impact of removing nonviolent cannabis-related felonies and misdemeanors from the existing point system used to determine if a person qualifies for a license;
- Whether to create workforce training opportunities for underserved communities to increase employment in the cannabis industry;
- The social equity impact of creating new cannabis license types; and
- The social equity technical assistance grant program.

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