



Washington State Liquor and Cannabis Board

Bill Description: Expanding and improving the social equity in cannabis program

Bill Number: E2SSB 5080

Sponsor: Senator Rebecca Saldaña

Effective Date: July 23, 2023 (Sec. 5 takes effect on July 1, 2023)

Amends: RCW 43.330.540; 69.50.331; 69.50.335; 69.50.345; reenacts and amends 69.50.101; and creates a new section

Background

The Social Equity in Cannabis program was created in 2020 through the passage of HB 2870. The program sought to address persistent disparities in cannabis retail licensing and low ownership rates by racial and ethnic minorities in Washington's cannabis retail system. That program made available a limited number of retail licenses that had been returned to the Liquor and Cannabis Board (LCB) and allowed "Social Equity" applicants to apply for them. The criteria to be a "Social Equity" licensee included residence in areas disproportionately impacted by the war on drugs, areas of high poverty, and other criteria. The program also gave extra points for people who had been imprisoned for a cannabis-related offense. Applications for this program occurred in the spring of 2023 and are being scored at the time of writing.

HB 2870 also created a Social Equity in Cannabis Task Force, which submitted recommendations to the Legislature and state agencies just prior to the 2023 session. Among them were a recommendation to target any new cannabis licenses to the social equity program through the year 2029.

Summary

E2SSB 5080 expands and amends the Social Equity in Cannabis program in several ways.

- First, it creates 52 new retail licenses (the first expansion of cannabis retail outlets in several years) and makes them available to social equity applicants.
- Second, it directs the LCB to make other license types available to the program as well: 100 processor licenses and 10 producer licenses. These non-retail licenses are not new but had been returned to the board over time as licensees left the industry. Applications for this round of Social Equity licensing must be scored by a third-party under contract with the Board. Licenses issued under the bill may only be sold or transferred to other individuals or groups who also meet

the requirements as social equity applicants for a period of five years.

To be considered a social equity applicant, a person or group with at least 51% ownership and control of a business must meet two of four criteria:

- 1) Lived in a disproportionately impacted area in Washington for at least five years between 1980 and 2010;
- 2) Has been arrested or convicted of a cannabis offense or has a family member who was arrested or convicted of such an offense;
- 3) Had a household income in the year prior to application at or below the state's median household income; and
- 4) Is both a socially and economically disadvantaged individual as certified by the Office of Minority and Women's Business Enterprises (as defined in [RCW 39.19](#)).

These new retail licenses are not subject to the caps on retail locations by county and city found in RCW 69.50.345. The new social equity licenses authorized in SB 5080 may locate in any city, town, or county that allows retail cannabis, and licensees do not need to have a location at the time of licensure. Once they have a location, however, the business cannot move to another jurisdiction. While these new licenses can locate anywhere, the bill also directs the Board to adopt rules establishing a threshold or cap on the number of licenses that can be located in each county in the state.

The bill creates a process by which local governments can use (preexisting) zoning ordinances to deny licensure at a specific location by making an objection to the LCB. In addition, the Board must consider written objections regarding retail outlet density from local governments when determining how many new licenses may be issued, and the LCB is directed to write rules to formalize this process.

The bill changes the criteria to become a social equity applicant for this new round of licensing using updated criteria to define "Disproportionately Impacted Area" maps. The LCB must also create criteria to determine when and if further expansion to the number of retail outlets is warranted, based on population growth data. It also directs the Joint Legislative Audit and Review Committee (JLARC) to conduct a study of cannabis canopy in the state to help understand the market for new cannabis production in Washington.

All retail outlets are encouraged to submit to the Board a "Social Equity Plan." Each non-Social Equity Licensee who submits a plan can receive a reimbursement of their annual license fee on a one-time basis and for one location (if they hold more than one license).

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