



Washington State  
**Liquor and Cannabis Board**

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**Date:** October 27, 2021

**To:** David Postman, Board Chair  
 Ollie Garrett, Board Member  
 Russ Hauge, Board Member

**From:** Kathy Hoffman, Policy and Rules Manager

**Copy:** Rick Garza, Agency Director  
 Toni Hood, Deputy Director  
 Justin Nordhorn, Director of Policy and External Affairs  
 Becky Smith, Director of Licensing and Regulation  
 Chandra Brady, Director of Enforcement and Education

**Subject:** **Approval to file a pre-proposal statement of inquiry (CR 101) to consider new rules in response to future recommendations of the Social Equity in Cannabis Task Force, and changes to current rule that will reduce barriers to entry in the legal cannabis market.**

The Washington State Liquor and Cannabis Board (WSLCB) is considering new rules in response to future recommendations of the Social Equity in Cannabis Task Force, and changes to current rules that will reduce barriers to entry in the legal cannabis market. Additional rules specifically related to this topic may be amended or created as necessary to accomplish the overarching goal of this project. To allow sufficient time for meaningful stakeholder engagement, the time between the CR 101 filing and the CR 102 filing has been expanded.

**Process**

The Policy and Rules Manager requests approval to file the pre-proposal statement of inquiry (CR 101) for the rule making described above. A CR 101 Memorandum was presented at the Board meeting on October 27, 2021, and is attached to this order.

If approved for filing, the **tentative timeline** for the rule making process is outlined below:

October 27, 2021	Board is asked to approve filing pre-proposal statement of inquiry (CR 101). CR 101 filed with the Office of the Code Reviser. LCB webpage updated and notice circulated by GovDelivery distribution list. Informal comment period begins.
November 17, 2021	Notice is published in the Washington State Register

	under WSR #21-22.
December 17, 2021	The informal comment period ends.
June 22, 2021	Board is asked to approve filing proposed rules (CR 102). CR 102 is filed with the Office of the Code Reviser. LCB webpage is updated and notice is circulated by the rules distribution list. The formal comment period begins.
July 6, 2022	Notice is published in the Washington State Register under WSR #22-13.
August 17, 2022	Public hearing is held and the formal comment period ends.
August 30, 2022	Board is asked to adopt rules, if no substantive changes are made (CR 103). Concise explanatory statement is provided to individuals offering written or oral comment at the public hearing or during the formal comment period under RCW 34.05.325. CR 103 and adopted rules are filed with the Office of the Code Reviser. LCB webpage is updated and notice is circulated by the rules distribution list.
September 30, 2022	The rules are effective 31 days after filing unless otherwise specified. See RCW 34.05.380(2).

\_\_\_\_\_ Approve      \_\_\_\_\_ Disapprove      \_\_\_\_\_  
David Postman, Chair      Date

\_\_\_\_\_ Approve      \_\_\_\_\_ Disapprove      \_\_\_\_\_  
Ollie Garrett, Board Member      Date

\_\_\_\_\_ Approve      \_\_\_\_\_ Disapprove      \_\_\_\_\_  
Russ Hauge, Board Member      Date

Attachment: CR 101 Memorandum.



## CR 101 Memorandum

**Regarding consideration of new rules in response to future recommendations of the Social Equity in Cannabis Task Force, and changes to current rule that will reduce barriers to entry in the legal cannabis market.**

Date: October 27, 2021

Presented by: Kathy Hoffman, Policy and Rules Manager

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### Background

RCW 69.50.336 established in 2020, created the Social Equity in Cannabis Task Force (Task Force), responsible, among other things, for making recommendations to the Washington State Liquor and Cannabis Board (WSLCB). RCW 69.50.335, established in 2020 gives the WSLCB authority to create the Social Equity in Cannabis Program, consistent with those recommendations. The Task Force has met continuously since early 2020, and established sub-groups to discuss and develop recommendations concerning disproportionately impacted communities, technical assistance and mentoring, and licensing.

While that Task Force work continued, WSLCB began to review existing rule to determine where the agency could make revisions that would lead to socially equitable conditions. The first effort involved revising cannabis license applicant and renewal background checks in a way that would remove barriers to entry in the licensed system. WSLCB now seeks to explore where additional revisions can be made within its statutory authority, and to assure that the agency is positioned to respond as quickly as possible when Task Force recommendations become available.

### Reasons Why Rules May Be Needed

Rules are needed to realize and operationalize the goals of RCW 69.50.335, concerning cannabis retailer licenses, and RCW 69.50.336 concerning the Social Equity in Cannabis Task Force.

As the work of the Task Force nears completion, the WSLCB wishes to begin an evaluation of chapter 314-55 WAC to determine where revisions can be made, within current statutory authority, that will reduce barriers to entry in the legal cannabis market, promote business ownership among individuals who have been

disproportionately impacted by cannabis-related criminal laws, and support the work of the Task Force. Revisions considered will be designed to support socially equitable conditions by deconstructing current rules in a way that creates fair and meaningful access to the economic opportunities afforded by cannabis legalization.

## **Process**

The rule making process begins by announcing the Board's intent to consider changes to existing rules, adding new rule sections, or both by filing a CR 101 form with the Office of the Code Reviser. This allows staff, stakeholders, industry partners, and all members of the authorizing environment to begin discussing proposed rule changes.

At the CR 101 stage of the rulemaking process, no proposed language is offered. Any interested party may comment on the subject of this possible rulemaking during the designated comment period. Notice will be sent to all who have indicated that they want to receive notice of rule activity pertaining to this pre-proposal inquiry. The notice will identify the public comment period and where comments can be sent.



# PREPROPOSAL STATEMENT OF INQUIRY

## CR-101 (October 2017) (Implements RCW 34.05.310)

Do **NOT** use for expedited rule making

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

**Subject of possible rule making:** Chapter 314-55 WAC. The Washington State Liquor and Cannabis Board (WSLCB) is considering new rules in response to future recommendations of the Social Equity in Cannabis Task Force, and changes to current rule that will reduce barriers to entry in the legal cannabis market. Additional rules specifically related to this topic may be amended or created as necessary to accomplish the overarching goal of this project.

**Statutes authorizing the agency to adopt rules on this subject:** RCW 69.50.335; RCW 69.50.336; RCW 69.50.342

**Reasons why rules on this subject may be needed and what they might accomplish:** Rules are needed to realize and operationalize the goals of RCW 69.50.335, concerning cannabis retailer licenses, and RCW 69.50.336 concerning the Social Equity in Cannabis Task Force (Task Force). Together, these statutes established the Task Force and created a framework for a social equity program designed for the issuance and reissuance of certain cannabis licenses. The Task Force is responsible for making recommendations to the WSLCB, and is currently in the process of framing those recommendations.

As the work of the Task Force nears completion, the WSLCB will begin an evaluation of chapter 314-55 WAC to determine where revisions can be made, within current statutory authority, that will reduce barriers to entry in the legal cannabis market, promote business ownership among individuals who have been disproportionately impacted by cannabis-related laws, and support the work of the Task Force. Revisions considered will be designed to support socially equitable conditions by deconstructing current rules in a way that creates fair and meaningful access to the economic opportunities afforded by cannabis legalization.

**Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies:** None

**Process for developing new rule (check all that apply):**

- Negotiated rule making
- Pilot rule making
- Agency study
- Other (describe) Collaborative rule development

**Interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication by contacting:**

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Phone: 360-664-1622  
Fax: 360-664-9689  
TTY:  
Email: rules@lcb.wa.gov  
Web site: lcb.wa.gov  
Other:

(If necessary)

Name:  
Address:  
Phone:  
Fax:  
TTY:  
Email:  
Web site:  
Other:

Additional comments: Interested persons can participate in the rule process through open public meetings and by submitting written comments, and are encouraged to sign up for the interested parties list (GovDelivery)

at <https://public.govdelivery.com/accounts/WALCB/subscriber/new>. Rule-making notices and stakeholder engagement opportunities will be emailed via GovDelivery and posted to the WSLCB website at [lcb.wa.gov](http://lcb.wa.gov).

**Date:** October 27, 2021

**Name:** David Postman

**Title:** Chair

**Signature:**

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