



Washington State  
**Liquor and Cannabis Board**

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**Date:** April 13, 2022

**To:** David Postman, Board Chair  
 Ollie Garrett, 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: CR 102 Concerning chapter 314-55 WAC, amendments and new rule sections to establish the Social Equity in Cannabis Program.**

The Policy and Rules Manager requests approval to file a rule proposal (CR 102) for the rule making described in the CR 102 Memorandum attached to this order and presented at the Board meeting on April 13, 2022.

If approved for filing, the tentative timeline for this rule proposal is as follows:

April 13, 2022	Board is asked to approve filing proposed rules (CR 102). CR 102 filed with the Office of the Code Reviser. LCB webpage updated and notice circulated by GovDelivery distribution list. Formal comment period begins.
May 4, 2022	Notice published in the Washington State Register.
May 25, 2022	Public hearing held and formal comment period ends.
No earlier than June 8, 2022	Board is asked to adopt rules if no substantive changes are made (CR 103). Concise Explanatory Statement provided to individuals who offered written or oral comment at the public hearing, and during the formal comment period, consistent with RCW 34.05.325. CR 103 and adopted rules are filed with the Office of the Code Reviser. LCB webpage updated and notice circulated by GovDelivery distribution list.

July 8, 2022	Rules are effective 30 days after filing (unless otherwise specified), consistent with RCW 34.05.380(2).
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Approve       Disapprove      \_\_\_\_\_  
 David Postman, Chair      Date

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

Attachments: CR 102 Memorandum



## CR 102 Memorandum

### Regarding chapter 314-55 WAC: amendments and new rule sections to establish the Social Equity in Cannabis Program.

Date: April 13, 2022  
Presented by: Kathy Hoffman, Policy and Rules Manager

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#### Background

Established in 2020, RCW 69.50.336 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, also 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 the Task Force worked toward formulating recommendations, WSLCB began to review existing rule to determine where revisions could be made that would lead to socially equitable conditions. The first effort involved revising cannabis license applicant and renewal background checks that removed barriers to entry in the licensed system. WSLCB also explored where additional revisions could be made within its statutory authority, and to assure that the agency was positioned to respond as quickly as possible when Task Force recommendations became available.

The Task Force issued recommendations on January 6, 2022, offered as Attachment A. The agency carefully reviewed and analyzed each recommendation pertaining to rules that would establish the Social Equity in Cannabis Program. This proposal incorporates those recommendations by intentionally and specifically centering equity within the regulatory framework and associated administrative process.

## **Reasons Why Rules May Be Needed**

Engrossed Second Substitute House Bill (ESSHB) 2870 (Chapter 236, Laws of 2020), codified as RCW 69.50.335 and .336 provided a three-part intent section, offering in relevant part that "...in the interest of remedying harms resulting from the enforcement of cannabis-related laws in disproportionately impacted areas, creating a Social Equity in Cannabis Program will further an equitable cannabis industry by promoting business ownership among individuals who have resided in areas of high poverty and high enforcement of cannabis-related laws."

The Social Equity in Cannabis program is authorized by RCW 69.50.335 and RCW 69.50.336 and consistent with these statutes, is designed to offer assistance to individuals most directly and adversely impacted by the enforcement of cannabis related laws who are interested in starting cannabis business enterprises. Rules are needed to implement this program, and to implement second Substitute House Bill (SSHB) 1210, Chapter 16, Laws of 2022, effective June 9, 2022 that changes the word "marijuana" to "cannabis" throughout Washington state law.

## **Stakeholder Engagement**

A CR 101 was filed on October 27, 2021 and the notice to stakeholders was sent by GovDelivery. The public comment period for the CR 101 ended on December 17, 2021. No comments were received during the public comment period.

As part of the rule development process, a virtual public Listen and Learn session to was held on March 23, 2022, inviting the public and all interested parties to review conceptual draft rules framing the Social Equity in Cannabis Program. Messaging was sent through GovDelivery on March 14, 2022. A copy of the message and a delivery report is offered as Attachment B. The agency shared this messaging with the Social Equity in Cannabis Task Force, and on March 16, 2022, messaging was distributed to participants in the Social Equity Task Force work group, offered here as Attachment C. The agency also shared this messaging with members of the legislature on the same day, and a copy of that message is offered here as Attachment D.

Consistent with RCW 69.50.335, on March 17, 2022, WSLCB representatives met with Director Edward Prince of the Washington State Commission on African American Affairs to discuss the conceptual draft rules. A copy of the meeting invitation is offered here as Attachment E.

The virtual Listen and Learn session was held as scheduled, and attended by more than 120 individuals. Attendees offered a wide range of feedback. Those

comments were collected, summarized, and organized by conceptual draft rule section in a table, offered here as Attachment F.

## **Diversity, Equity, Inclusion and Belonging**

The agency relies on a continuous policy analysis process centered on the overarching domains of stakeholder engagement and education. These are surrounded by continuous evaluation and framed by the following additional domains:

- Problem identification;
- Policy analysis;
- Strategy and policy development;
- Policy enactment; and
- Policy implementation.

To evaluate a problem and analyze its policy implications, the agency relies on a policy framing tool designed to view the problem and associated analysis through seven different criteria. These are:

- Diversity, equity and inclusion;
- Licensing Division impacts/perspectives;
- Public Safety (LCB Education and Enforcement) impacts/perspectives;
- Public Health/Prevention impact/perspectives;
- Feasibility (the likelihood that the policy can be successfully adopted and implemented);
- Economic and budgetary impacts, including a comparison of the costs to enact, implement, and enforce the policy with the value of the benefit; and
- A legal assessment to assure that the rule is authorized by statute.

Each of these criteria are reviewed under different analysis focus areas. The analysis focus for diversity, equity, and inclusion consists of the following levels of analysis:

<b>CRITERIA</b>	<b>Analysis Focus</b>
<b>Diversity, Equity, Inclusion, and Belonging</b>	<ul style="list-style-type: none"> <li>• <b>Diversity:</b> Does the policy consider race and ethnicity, gender and gender identity, sexual orientation, socioeconomic status, language, culture, national origin, religious commitments, age, (dis)ability status and political perspectives across the authorizing environment?</li> <li>• <b>Equity:</b> Does the policy support the agency's commitment to work actively in challenging and responding to bias, harassment, and discrimination? Does the policy extend the agency's commitment to equal opportunity for all persons and does not discriminate on the basis of race, color, national origin, age, marital status, sex, sexual orientation, gender identity, gender expression, disability, religion, height, weight, or veteran status?</li> <li>• <b>Inclusion:</b> Does the policy support the agency's commitment to pursuing deliberate efforts to respectfully honor and acknowledge different perspectives, where every individual feels a sense of inclusion that leverages collective capabilities?</li> <li>• <b>Belonging:</b> Does the policy identify and remove barriers that limit or prevent equity and justice for all, particularly for those who have been historically excluded and oppressed? Does the policy move toward replacing old systems with new systems that are just, equitable, diverse and inclusive for the benefit of all?</li> </ul>

Responses to each of these analysis elements as they relate to this rule proposal are offered below.

<b>Analysis Focus</b>	<b>Agency Response</b>
<b>Diversity:</b> Does the policy embodied in proposed rule consider race and ethnicity, gender and gender identity, sexual orientation, socioeconomic status, language, culture, national origin, religious commitments, age, (dis)ability status and political perspectives across the authorizing environment?	The agency recognizes that race, gender, sexual orientation, socioeconomic status, language, culture, national origin, religious commitments, age, ability and political perspectives are deeply connected. This understanding informs the agency's commitment to shifting repressive power dynamics and strengthening the influence of those most affected by the impact of such dynamics. That shift is represented in the formation of the Social Equity in Cannabis Program through a regulatory framework that is designed to reduce barriers to market entry consistent with statute, but also through agency-initiated efforts to assure that regulatory construction is concise and framed in a way that honors the four pillars of public administration (economy, efficiency, effectiveness, and social equity), <sup>1</sup> while reducing barriers to entry in the legal cannabis market.
<b>Equity:</b> Does the policy embodied in proposed rule support the agency's commitment to work actively in challenging and responding to bias, harassment, and discrimination? Does the policy extend the agency's commitment to equal opportunity for all persons and does not discriminate on the basis of race, color, national origin, age, marital status, sex, sexual orientation, gender identity, gender expression, disability, religion, height, weight, or veteran status?	Equal access to inequitable systems does not advance social equity. Disparities in structures and systems ensures barriers to access. By reverse engineering regulatory frameworks to align with statute, the agency has been able to proactively dismantle them, allowing the agency to enable conditions that lead to social equity. These efforts have become embedded in the agency's approach to rule and policy development. The breadth and depth of the changes described in this rule proposal demonstrates the agency's commitment to regulatory revision that will lead to socially equitable conditions, realizing and operationalizing the intent of the enabling legislation.
<b>Inclusion:</b> Does the policy embodied in proposed rule support the agency's commitment to pursuing deliberate efforts to respectfully honor and acknowledge different perspectives, where every individual feels a sense of inclusion that leverages collective capabilities?	These rules were developed through an inclusive, collaborative, deliberative process designed to honor and acknowledge different perspectives. Collective community knowledge and capabilities were leveraged during that process to assure that all voices were heard, acknowledged, and included in rule development. The proposal reflects the outcome of that process, as well as rule language and section reorganization that was informed by the individuals to whom such rules apply.

<sup>1</sup> See [Social Equity Is a Pillar of Public Administration \(1\).pdf](#)

<p><b>Belonging:</b> Does the policy embodied in proposed rule identify and remove barriers that limit or prevent equity and justice for all, particularly for those who have been historically excluded and oppressed? Does the policy move toward replacing old systems with new systems that are just, equitable, diverse and inclusive for the benefit of all?</p>	<p>Belonging is difficult to quantitatively measure. Cultivating a sense of belonging hinges on building trust and effective working relationships that support positive business outcomes. The cultivation process includes creating space for information sharing between regulators and those who are regulated or thinking about becoming part of the regulated community. The rule proposal supports a culture of belonging because it was developed with community through their contributions in a way that is anticipated to reduce barriers to entry in the regulated cannabis market.</p>
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## Estimated Costs of Compliance

Chapter 19.85 RCW, the Regulatory Fairness Act, provides that agencies are required to consider costs imposed on businesses and costs associated with compliance with proposed rules unless an exemption is provided under the chapter 34.05 RCW, the Administrative Procedures Act.

Specifically, RCW 19.85.025(3) provides that the Regulatory Fairness Act does not apply to the adoption of rule if the content of the rule is explicitly and specifically dictated by statute (see RCW 34.05.310(4)(e)). These rules are authorized under RCW 69.50.335.

However, an analysis of potential administrative costs was conducted, and is described more fully in the CR 102 form. That analysis indicates that these rules are not anticipated to result in more than minor costs on businesses as defined in RCW 19.85.020(2).

## Description of Rule Changes

Rule change descriptions below include substantive or technical changes to assist the reader in understanding revisions.

**Amended section (technical changes). WAC 314-55-015:** *Formerly entitled “General Information about marijuana licenses”* renamed “General information about cannabis licenses.” This section was updated and modernized to align with previous rule updates, and to increase readability and ease of use. No substantive changes were made to the rule section.

**Amended section (technical changes). WAC 314-55-020:** *Formerly entitled “Marijuana license qualifications and application process – Licensing requests”* renamed “Cannabis license qualifications and application process – Licensing change requests.” Existing language was updated, reorganized and streamlined to increase readability and ease of use. No substantive changes were made to the rule section.

**Amended section (technical changes). WAC 314-55-040:** Technical change was made to subsection (4)(a) by adding the words “there is” in the sentence structure.

**Amended section (technical changes). WAC 314-55-045:** *Formerly entitled “What marijuana law or rule violation history might prevent an applicant from receiving a marijuana license?”* renamed “Cannabis license applicant administrative violation review.” Existing language was updated, reorganized and simplified to increase readability and ease of use. Updates were made to align references to enforcement rule changes that were completed in early 2020. No substantive changes were made to the rule section.

**Amended section (technical changes). WAC 314-55-050:** *Formerly entitled, “Reasons why the WSLCB may seek denial, suspension, or cancellation of a marijuana license application or license,”* renamed “Denial, suspension or cancellation of a cannabis license application or license.” Existing language was updated, reorganized and simplified to increase readability and ease of use. No substantive changes were made to the rule section.

**Amended section (technical changes). WAC 314-55-055:** *Formerly entitled, “Marijuana retail license forfeiture”* renamed “Cannabis retail license forfeiture.” Existing language was updated, reorganized and simplified to increase readability and ease of use. No substantive changes were made to the rule section.

**Amended section (technical changes). WAC 314-55-070:** *Formerly entitled, “Process if the WSLCB denies a marijuana license application”* renamed “Cannabis license application denial.” Existing language was updated, reorganized and simplified to increase readability and ease of use. No substantive changes were made to the rule section.

**Amended section (technical changes). WAC 314-55-079:** *Formerly entitled, “Marijuana retailer license – Privileges, requirements, and fees”* renamed “Cannabis retailer license – Privileges, requirements, and fees.” Existing language was updated and simplified to increase readability and ease of use. No substantive changes were made to the rule section.

**Amended section (technical changes). WAC 314-55-082:** Insurance requirements. Existing language was updated and simplified to increase readability and ease of use. No substantive changes were made to the rule section.

**Amended section (technical changes). WAC 314-55-110.** *Formerly entitled, “What are my responsibilities as a marijuana licensee?”* renamed “Licensee responsibilities.” Existing language was updated and simplified to increase readability and ease of use. No substantive changes were made to the rule section.



**Amended section (technical changes). WAC 314-55-120.** Ownership changes. Existing language was updated and simplified to increase readability and ease of use. No substantive changes were made to the rule section.

**Amended section (technical changes). WAC 314-55-125.** Change of location. Existing language was updated and simplified to increase readability and ease of use. No substantive changes were made to the rule section.

**Amended section (technical changes). WAC 314-55-137.** Receiverships. Existing language was updated and simplified to increase readability and ease of use. No substantive changes were made to the rule section.

**New Section (new rule section). WAC 314-55-570.** Social Equity in Cannabis Program.

The following table describes each new rule section, and aligns it with the recommendations of the Social Equity in Cannabis Task Force as described in Attachment A and other attachments as noted.

New Rule Section	Summary	Alignment with SETF Recommendations, Statutory Authority, or Both
<b>WAC 314-55-570(1)</b> Definitions	Provides a list of definitions for words, terms, and phrases used throughout the section.	<i>Statutory Authority</i> RCW 69.50.335(4)
<b>WAC 314-55-570(1)(a)</b> Disproportionately Impacted Area (DIA)	Aligns with and expands statutory language; provides that the board will provide maps that reflect census tracts from different time periods to account for gentrification.	<i>Statutory Authority</i> RCW 69.50.335(6)(b)
<b>WAC 314-55-570(1)(b)</b> Double Blind Lottery	Defined as a selection process to determine the order of application processing to be conducted by an independent third party in the event of a tie.	<b>SETF Recommendation:</b> Double-Blind Lottery (3rd party) • Method used to determine winners in the event of a tie.  <i>Statutory Authority</i> RCW 69.50.335(4)
<b>WAC 314-55-570(1)(c)</b> Family Member	<b>Rule Text:</b> (c) "Family member" means: (i) A biological, adopted, or foster child, a stepchild, a child's spouse, or a child to whom the applicant stands in loco parentis (in place of the parent), is a legal guardian, or is a de facto parent, regardless of age or dependency status; (ii) Grandchild, grandparent, parent, sibling, or spouse; (iii) Any individual who regularly resides in the applicant's home or where the relationship creates an expectation that the applicant care for the person and that individual depends on the applicant for care.	<b>SETF Recommendation:</b> Definition of "Family member": includes a biological, adopted, or foster child, a stepchild, a child's spouse, or a child to whom the applicant stands loco parentis (in place of a parent), is a legal guardian, or is a de facto parent, regardless of age or dependency status; grandchild, grandparent, parent, sibling, or spouse, and also includes any individual who regularly resides in the applicant's home or where the relationship creates an expectation that the applicant care for the person and that individual depends on the applicant for care. Except that it does not include an individual who simply resides in the same home with no expectation that the employee care for the individual.
<b>WAC 314-55-570(1)(d)</b> Median household income	Need to provide definition for phrase used in WSLCB Scoring Rubric; see proposed WAC 314-55-570(3)(c)(v)	<i>Statutory Authority</i> RCW 69.50.335(4)  See also Attachment G

<b>WAC 314-55-570(1)(e)</b> Person	Needed to distinguish between person or other business entity.	<i>Statutory Authority</i> RCW 69.50.335(4)
<b>WAC 314-55-570(1)(f)</b> Preliminary letter of approval	Needed to define term used in Social Equity Task Force recommendation.	<b>SETF Recommendation:</b> Approval letter is given to selected applicants by the Social Equity Case Manager. Applicants with an approval letter can then take that letter to apply for grants from the Department of Commerce. These grant dollars can then be used to help the applicant secure retail location and other necessities needed to complete the remaining portion of the application process.  <i>Statutory Authority</i> RCW 69.50.335(4)
<b>WAC 314-55-570(1)(g)</b> Social equity applicant	Needed to define term in rule context.	<i>Statutory Authority</i> RCW 69.50.335(4)  <i>Statutory Authority</i> RCW 69.50.335(6)(c)
<b>WAC 314-55-570(1)(h)</b> Social equity contractor	Needed to define term in rule context.	<b>SETF Recommendation:</b> Responsibility is to review and score social equity plans. Then recommend winning candidates to the Social Equity Case Manager (LCB) for approval and advancement.  <i>Statutory Authority</i> RCW 69.50.335(4)
<b>WAC 314-55-570(1)(i)</b> Social equity licensee	Needed to define term in rule context.	<i>Statutory Authority</i> RCW 69.50.335(4)
<b>WAC 314-55-570(1)(j)</b> Social equity plan	Needed to define term in rule context.	<i>Statutory Authority</i> RCW 69.50.335(4)  <i>Statutory Authority</i> RCW 69.50.335(6)(e) – definition of “social equity plan”
<b>WAC 314-55-570(2)</b> Social equity applicant requirements	Described social equity applicant requirements, consistent with the WSLB WSLCB Scoring Rubric; see proposed WAC 314-55-570(3)(c)(v).  Provides that a social equity applicant must meet at least two of the three requirements described in the scoring rubric.	<i>Statutory Authority</i> RCW 69.50.335(2)(a)  <i>Statutory Authority</i> RCW 69.50.335(4)  See also Attachment G
<b>WAC 314-55-570(3)</b> Social equity application process	Describes the following social equity application process:  Provides a 30 calendar day application window that the board may reopen at its discretion;  Location address is not required at the time of application;  Applicant may apply once and select one county where they wish to operate their business;  Board will provide a list of available counties.  Social equity contractor will review using WSLCB scoring rubric; other submission requirements apply;  Highest scoring applicants will be processed by the board;	<b>SETF Recommendation:</b>  1) Social Equity Application a) <b>Social Equity Application Process:</b> i) 30-60-day application window to submit information (closed window) ii) Liquor & Cannabis Board to contract with Equity organization (3rd party). iii) double-blind tiebreakers (If necessary) iv) Social Equity Applicants are given a preliminary letter of approval from the case manager. v) No time restrictions to secure a location. vi) Social Equity Case Manager (Within Liquor Cannabis Board) to ensure equity standards are met and to help guide applicants during the process  <i>Statutory Authority</i> RCW 69.50.335(2)(a)  <i>Statutory Authority</i> RCW 69.50.335(4)  See also Attachments A and G

	<p>Double blind lottery will occur in the event that the number of eligible applicants exceeds the number of available licenses;</p> <p>Preliminary letter of approval issued.</p>	
<p><b>WAC 314-55-570(4)</b> Additional provisions</p>	<p>No time restriction to secure a location.</p> <p>Provides that an applicant may not make ownership changes after application has been reviewed, scored, and prioritized;</p> <p>Provides for license mobility within county;</p> <p>Provides that licenses awarded under program may not be transferred within the first year of issuance; may only be transferred to groups or individuals who comply with initial licensure as a social equity applicant for a period of five years from the date of transfer.</p>	<p><b>SETF Recommendation:</b></p> <p><b>No time restriction to secure a location.</b> This allows the applicant to secure a location. The Liquor &amp; Cannabis Board will give the Social Equity Applicant a window to search for a location. The Social Equity Case Manager will monitor that applicant was given full time to secure the location.</p> <p><i>Statutory Authority</i> RCW 69.50.335(4)</p>
<p><b>WAC 314-55-570(5)</b> Application withdrawal</p>	<p>Describes social equity application withdrawal processes and circumstances under which a social equity application may be withdrawn.</p>	<p><i>Statutory Authority</i> RCW 69.50.335(4)</p>

# **Attachment A**

The Social Equity in Cannabis Task Force was formed in 2020 in accordance to [HB 2870](#), allowing additional marijuana retail licenses for social equity purposes. The task force met remotely throughout 2020 to develop the following recommendations to establish a social equity program for issuing and re-issuance of existing retail cannabis licenses.

**Liquor & Cannabis Board:**

1. The definition of Family that is used for the eligibility criteria for the Social Equity Application will follow the definition in statute, [HB 2614](#).
2. Definition of “Family member”: includes a biological, adopted, or foster child, a stepchild, a child’s spouse, or a child to whom the applicant stands loco parentis (in place of a parent), is a legal guardian, or is a de facto parent, regardless of age or dependency status; grandchild, grandparent, parent, sibling, or spouse, and also includes any individual who regularly resides in the applicant’s home or where the relationship creates an expectation that the applicant care for the person and that individual depends on the applicant for care. Except that it does not include an individual who simply resides in the same home with no expectation that the employee care for the individual.
3. Utilize the Ranking formulas and Indicators Formula to determine disproportionately Impacted Areas

**Disproportionately Impacted Areas Formula:**

DIA FORMULA

**% Unemployment +**

**Median Household Income as Proportion to County +**

**# of Drug Convictions +**

**2.9 × of Black Residents +**

**1.6 × % of Latino/a/x Residents +**

**1.6 × % of Indigenous Residents +**

**= DIA Score for Census Tract**

Legend:

Explicitly Expressed in legislative mandates

Prioritizing communities of color

Incorporating the disparities in cannabis

convictions

## 1) Social Equity Application

### a) **Social Equity Application Process:**

- i) 30-60-day application window to submit information (closed window)
- ii) Liquor & Cannabis Board to contract with Equity organization (3rd party).
- iii) double-blind tiebreakers (If necessary)
- iv) Social Equity Applicants are given a preliminary letter of approval from the case manager.
- v) No time restrictions to secure a location.
- vi) Social Equity Case Manager (Within Liquor Cannabis Board) to ensure equity standards are met and to help guide applicants during the process.

### **Application Definitions:**

#### **Social Equity Contractor (3rd Party)**

- Responsibility is to review and score social equity plans. Then recommend winning candidates to the Social Equity Case Manager (LCB) for approval and advancement.

#### **Double-Blind Lottery (3rd party)**

- Method used to determine winners in the event of a tie.

#### **Preliminary letter of approval**

- Approval letter is given to selected applicants by the Social Equity Case Manager. Applicants with an approval letter can then take that letter to apply for grants from the Department of Commerce. These grant dollars can then be used to help the applicant secure retail location and other necessities needed to complete the remaining portion of the application process

#### **No time restriction to secure location.**

- This allows the applicant to secure a location. The Liquor & Cannabis Board will give the Social Equity Applicant a window to search for a location. The Social Equity Case Manager will monitor that applicant was given full time to secure the location.

#### **Social Equity Case Manager**

- This role will be associated with the Liquor & Cannabis Board to ensure social equity standards are met during and after the social equity application process. They will give the preliminary approval letter after reviewing recommendations from 3rd party. This individual will also be a resource for applicants and license holders to file grievances whenever facing inequity within the agency.

## 2. Scoring rubric criteria for social equity application

Category	Criteria Elements	Point Scale (Maximum Possible)
Eligibility Criteria	1. Lived in a Disproportionately Impacted Area (DIA) Black-30pts Hispanic-25pts Native-10pts	30
	2. Conviction History Convicted of a marijuana offense Black-30pts Hispanic-25pts Native-10pts	30
	OR 2a. Convicted of a drug offense Black-20pts Hispanic-10pts Native-5pts	
	OR 2b. Family member convicted of any drug offense-5pts	
	4. Black (150pts), Hispanic (75pts), Native American (25pts) ** Based on arrest rates ratios from (240,000 Marijuana Arrests Costs, Consequences, and Racial Disparities of Possession Arrests in Washington, 1986-2010, Marijuana Arrest Research Project	150
<b>Total for Category</b>		<b>250</b>
<b>Eligibility Criteria Weight % of overall Scoring</b>		<b>38%</b>
Social Equity Ownership Scoring	Black Ownership - 100%- 200pts 90-99%-150pts 76-89%-100pts 51-75%-50pts	200
	Or Hispanic Ownership - 100%- 100pts 90-99%-75pts 76-89%-50pts 51-75%-25pts	
	Or Native Ownership - 100%- 40pts 90-99%-30pts 76-89%-20pts 51-75%-10pts	
	<b>Total for Category</b>	
<b>Social Equity Plan Elements Weight % of overall Scoring</b>		<b>31%</b>
Business Plan	1. Executive summary, vision and mission? a. Employment and labor practices	150
	2. Do you have a previous cannabis business experience that would make your business more viable?	30
	<b>Total for Category</b>	<b>200</b>
<b>Business Plan Elements Weight % of overall Scoring</b>		<b>31%</b>
Other Priority Criteria	1. Do you want to apply for the Technical Assistance Grant and how much do you need?	No Points
	3. Do you have ownership of a current license, what percentage?	No Points
<p>Affirmations (licensee must affirm that all statements are true and risks being removed from consideration if any statement is found to be untrue)</p> <p>Affirm the business is at least 51% minority ownership</p> <p>Affirm if you lived in a DIA area and the length of time you lived there it's accurate on your application and plan.</p> <p>Affirm if you represent you or your family member was convicted of a marijuana or drug offense it is true.</p> <p>Affirm if you represent you have marijuana business ownership experience, it's true.</p> <p>Affirm everything on your application and business plan is true</p> <p>Affirm all owners and parties of interest that are represented on this plan and the application are accurate.</p> <p>Affirm all ownership represented on the plan is the same ownership that will be represented on the application and the operating agreement including all documents to WSLCB, county, and city.</p> <p>Affirm that no outside management companies other than management company owned by a social equity/Minority licenses holder can have any form of controlling interest in the business.</p> <p>Affirm that you are a resident of the state of Washington</p> <p>Affirm that any affirmations that are affirmed by applicant and found not to be true will result in denial of application or license revoked.</p>		No Points
<b>Other Priority Weight % of overall Scoring</b>		<b>0% (0pts)</b>
<b>Total Score:</b>		<b>650</b>

## Department of Commerce:

1. Cannabis mentorship program.
  - Provides financial assistance to cannabis licensees who meet the social equity definition.
  - The “social equity applicant” means
    - i. An applicant who has at least fifty-one percent ownership and control by one or more individuals who have resided in a disproportionately impacted area for a period of time defined in rule by the board after consultation with the Commission on African American Affairs and other commissions, agencies, and community members as determined by the board;
    - ii. An applicant who has at least fifty-one percent ownership and control by at least one individual who has been convicted of a cannabis offense, a drug offense, or is a family member of such an individual:  
or
    - iii. An applicant who meets criteria defined in rule by the board after consultation with the Commission on African American Affairs and other commissions, agencies, and community members as determined by the board. (RCW 69.50.335)

## Legislative Requests:

1. Create a community reinvestment fund using 50% of cannabis tax revenue
  - a. 10% - Financial assistance awards will be funded by transferring the cannabis tax revenue to the cannabis social equity grant program.
  - b. 5% - Low-interest loans for licensees who meet the social equity definition.
  - c. 35% to Disproportionally Impacted Areas for programming: Faith-Based organizations and non-profits to provide these services.
  - d. That any new cannabis licenses are reserved for social equity through 2029, this includes new licenses that are passed through the legislator. (ex. Delivery licenses, social consumption lounges, and additional retail licenses)
2. Any new cannabis licenses will be reserved for social equity through 2029. This includes new licenses that are passed through the legislature. (e.g. Delivery licenses, social consumption lounges, and additional retail licenses.)
3. Social equity retail licenses are eligible for mobility, contingent on local approval within their respective counties.
4. Reduce buffer zones from 1000ft to 500ft (excluding elementary schools, secondary schools, playgrounds which must remain at 1000 feet.)

If you have any questions or concerns, please contact Social Equity in Cannabis Task Force Chair, Representative Melanie Morgan, at [Melanie.Morgan@leg.wa.gov](mailto:Melanie.Morgan@leg.wa.gov).



# **Attachment B**

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## Invitation: Session on Conceptual Draft Rules about the Social Equity in Cannabis Program – March 23

Washington State Liquor and Cannabis Board sent this bulletin at 03/14/2022 02:45 PM PDT

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March 14, 2022

### Invitation: Session on Conceptual Draft Rules about the Social Equity in Cannabis Program – March 23 at 1:00 p.m.

The Washington State Liquor and Cannabis Board (LCB) is hosting a Listen and Learn session about conceptual draft rules on the Social Equity in Cannabis Program. The session is designed to get public and licensee feedback on rule concepts before the agency moves toward a rule proposal.

In late October 2021, while awaiting recommendations from the Social Equity in Cannabis Task Force (Task Force), the LCB began to consider amendments to existing rule and new rules that would both support and establish the Social Equity in Cannabis program. The CR 101, or Statement of Inquiry, was filed as [WSR 21-22-042](#) on October 27, 2021.

The Task Force released recommendations on January 6, 2022, and the agency began to draft rules based on those recommendations. The conceptual draft rules can be viewed [here](#).

Please review [this guidance document](#) and the session [agenda](#) before the forum and come prepared to offer feedback and suggestions for revisions to the draft.

- **WHEN: Thursday, March 23, 2022, from 1:00 p.m. until 4:00 p.m.**
- **WHERE:** Join on your computer or smart phone using Microsoft (MS) Teams.

[Click here to join the meeting](#)

If you have the MS Teams app on your device, select "Open Microsoft Teams" when prompted.

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Subject: Invitation: Session on Conceptual Draft Rules about the Social Equity in Cannabis Program - March 23  
 Sent: 03/14/2022 02:45 PM PDT  
 Sent By: brian.smith@lcb.wa.gov  
 Sent To: 15 Topics

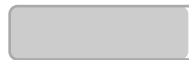
**32,958**

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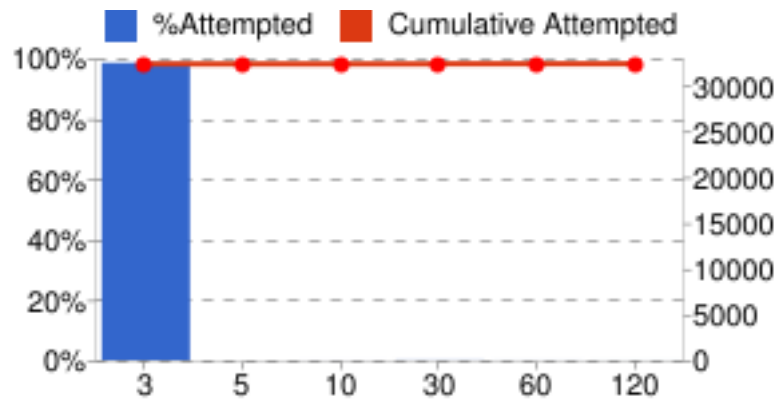
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Bulletin Analytics

**15,900** Total Opens  
**9170 (29%)** Unique Opens  
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<b>SMS Message</b>	Delivered	0.0%	0	0	n/a	0	n/a

Link URL	Unique Clicks	Total Clicks
<a href="https://lcb.wa.gov/sites/default/files/publications/temp_links/...">https://lcb.wa.gov/sites/default/files/publications/temp_links/...</a>	209	325
<a href="https://teams.microsoft.com/l/meetup-join/19%3ameeting_M...">https://teams.microsoft.com/l/meetup-join/19%3ameeting_M...</a>	83	233
<a href="https://lcb.wa.gov/sites/default/files/publications/rules/2021...">https://lcb.wa.gov/sites/default/files/publications/rules/2021...</a>	131	197
<a href="https://lcb.wa.gov/sites/default/files/publications/temp_links/...">https://lcb.wa.gov/sites/default/files/publications/temp_links/...</a>	81	121
<a href="https://lcb.wa.gov/sites/default/files/publications/rules/2021...">https://lcb.wa.gov/sites/default/files/publications/rules/2021...</a>	92	104
<a href="https://teams.microsoft.com/l/meetup-join/19%3ameeting_N...">https://teams.microsoft.com/l/meetup-join/19%3ameeting_N...</a>	26	54
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<a href="https://www.youtube.com/user/WSLCB">https://www.youtube.com/user/WSLCB</a>	7	9
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<a href="https://lcb.wa.gov/rss.xml">https://lcb.wa.gov/rss.xml</a>	7	7
<a href="https://twitter.com/wslcb">https://twitter.com/wslcb</a>	6	7
<a href="https://public.govdelivery.com/accounts/WALCB/subscriber/n...">https://public.govdelivery.com/accounts/WALCB/subscriber/n...</a>	4	7
<a href="https://subscriberhelp.granicus.com/">https://subscriberhelp.granicus.com/</a>	5	5

# **Attachment C**

**From:** [Ogle, Crystal \(SBOH\)](#)  
**Subject:** Listen and Learn Session: LCB Draft Rules of Social Equity in Cannabis Program  
**Date:** Wednesday, March 16, 2022 9:51:10 AM

---

Dear Friends,

We wanted to make you aware of an important opportunity to be heard by the Washington State Liquor and Cannabis Board (LCB).

**Invitation: Session on Conceptual Draft Rules about the Social Equity in Cannabis Program – March 23 at 1:00 p.m.**

The Washington State Liquor and Cannabis Board (LCB) is hosting a Listen and Learn session about conceptual draft rules on the Social Equity in Cannabis Program. The session is designed to get public and licensee feedback on rule concepts before the agency moves toward a rule proposal.

For more information, including how to join, please visit the LCB's meeting website:

[Invitation: Session on Conceptual Draft Rules about the Social Equity in Cannabis Program – March 23 \(govdelivery.com\)](#)

Warmly,

[Crystal Ogle](#) (she/her)  
Administrative Assistant – Social Equity in Cannabis Task Force  
Washington State Board of Health  
(360) 742-7174  
[crystal.ogle@sboh.wa.gov](mailto:crystal.ogle@sboh.wa.gov)

# **Attachment D**



**From:** [Thompson, Chris \(LCB\)](#)  
**To:** [Wicks, Emily](#); [Johnson, Jesse](#); [Berry, Liz](#); [Taylor, Jamila](#); [Riccelli, Marcus](#); [Ryu, Cindy](#); [Macri, Nicole](#); [Bateman, Jessica](#); [Orwall, Tina](#); [Ormsby, Timm](#); [Lekanoff, Debra](#); [Pollet, Gerry](#)  
**Cc:** [Morgan, Melanie](#); [Chambers, Kelly](#); [King, Curtis](#); [Saldana, Rebecca \(LEG\)](#); [Clifthorne, Sarah](#); [Shakotko, Veronica](#); [Clogston, Mary](#); [Barnett, Stephanie](#)  
**Subject:** FW: Invitation: Session on Conceptual Draft Rules about the Social Equity in Cannabis Program – March 23  
**Date:** Wednesday, March 16, 2022 2:28:02 PM

---

Honorable Members –

I'm forwarding to you information about an upcoming information session because you sponsored social equity legislation this session, HB 2022. This event is being organized to share and receive information that will help guide agency rule development as we work toward implementation of the social equity in cannabis program. If you or your staff would be interested in attending, please plan on joining us. And by all means, if you know of colleagues who might be interested and would like to forward this event information to them, we certainly welcome that as well.

Let us know if you have questions, and thank you for your work on social equity in cannabis.

Chris

Chris Thompson  
Director of Legislative Relations  
Washington State Liquor and Cannabis Board  
1025 Union Avenue SE  
PO Box 43080  
Olympia, Washington 98504-3080  
Office: (360) 664-4548  
Mobile: (360) 485-8550

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**From:** Washington State Liquor and Cannabis Board <[wslcb@public.govdelivery.com](mailto:wslcb@public.govdelivery.com)>  
**Sent:** Monday, March 14, 2022 2:47 PM  
**To:** Thompson, Chris (LCB) <[chris.thompson@lcb.wa.gov](mailto:chris.thompson@lcb.wa.gov)>  
**Subject:** Invitation: Session on Conceptual Draft Rules about the Social Equity in Cannabis Program – March 23

External Email

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March 14, 2022

## **Invitation: Session on Conceptual Draft Rules about the Social Equity in Cannabis Program – March 23 at 1:00 p.m.**

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The Task Force released recommendations on January 6, 2022, and the agency began to draft rules based on those recommendations. The conceptual draft rules can be viewed [here](#).

Please review [this guidance document](#) and the session [agenda](#) before the forum and come prepared to offer feedback and suggestions for revisions to the draft.

- **WHEN: Thursday, March 23, 2022, from 1:00 p.m. until 4:00 p.m.**
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[Click here to join the meeting](#)

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98504-3088

# **Attachment E**

## Hoffman, Katherine (LCB)

---

**Subject:** CAAA/LCB Social Equity Rule Development Discussion  
**Location:** Microsoft Teams Meeting

**Start:** Thu 3/17/2022 3:30 PM  
**End:** Thu 3/17/2022 4:00 PM

**Recurrence:** (none)

**Meeting Status:** Meeting organizer

**Organizer:** Hoffman, Katherine (LCB)  
**Required Attendees:** Prince, Ed (CAAA); Smith, Rebecca (LCB); Bamba, Kaitlin (LCB)

Mr. Prince,

Thank you very much for meeting with us. I will prepare an informal agenda early next week to help guide our conversation.

Please don't hesitate to reach out with any questions or concerns you may have.

Kathy Hoffman

**UPDATED 3/16/22: Rescheduled from 10 – 11AM to 3:30 – 4PM.**

---

## Microsoft Teams meeting

### Join on your computer or mobile app

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Phone Conference ID: 746 593 883#

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**Attachment F**  
**Comments and Email Received Regarding Virtual Social Equity Listen and Learn Session**  
**Held March 23, 2022**

Order	Commenter	Rule Section/Topic	Summaries of Oral Comments Received During Session
1.	Representative Debra Entenman	WAC 314-55-570(1)	<b>Summary:</b> Does an applicant have to meet both the criteria of being in a low-income area and a high enforcement area?
2.	Christy Stanley	WAC 314-55-570(1)	<b>Summary:</b> Regarding “Disproportionately impacted areas”, is there a timeline for when the board will provide maps of the identified areas? How long will it be before these areas are identified or have they already been identified?
3.	Ross	WAC 314-55-570(1)	<b>Summary:</b> Is the application window opening for all license types or just retail licenses?
4.	Peter Manning	WAC 314-55-570(1)	<b>Summary:</b> When identifying disproportionately impacted areas, how will the board account for gentrification? I think all three qualifications should be met before a person qualifies as a social equity applicant, rather than two out of three.
5.	Philip Petty	WAC 314-55-570(1)	<b>Summary:</b> Data about who was harmed the most by the war on drugs, including information from the ACLU, includes race. Why wouldn't we use race as one criterion for qualifying as a social equity applicant? The analogy is two people are in line to see the doctor, one with a cut finger and one who just had a heart attack – which one should the doctor see first? People who have experience the most harm should be at the front of the line for these licenses.
6.	James Buchanan	WAC 314-55-570(1)	<b>Summary:</b> How will you make sure that African Americans receive licenses based on the same rate that we were harmed? You are not using race as an explicit criterion because you are afraid of lawsuits. You are going to get lawsuits regardless of the outcome, because many applicants will be excluded and some licenses will get into the wrong hands. Do you want to be in court on the right side or wrong side of the issue?
7.	Susan Stoltzfus	WAC 314-55-570(2)	<b>Summary:</b> Definition of “average state income” from (2)(a) is: most recent median household income AND per capita income, but (3)(iii) “household income is less than the average state income”. This

**Attachment F**  
**Comments and Email Received Regarding Virtual Social Equity Listen and Learn Session**  
**Held March 23, 2022**

			seems inconsistent. Also, median household income without adjusting for cost of living will put some at a disadvantage.
8.	Justin	WAC 314-55-570(2)	<b>Summary:</b> Removing the limit on the number of licenses will remove the need to have all of these definitions and rulemaking around social equity applicants. We should allow for unlimited number of licenses and allow the free market to work. This could stop gentrification and could let meritocracy take place.
9.	Ryan Lee	WAC 314-55-570(2)	<b>Summary:</b> For the definition of the social equity plan, section J(i), referring to ownership – 51% ownership. 51% threshold leaves a lot of room for this process to be abused. There should be consideration for raising the threshold of ownership.
10.	Representative Debra Entenman	WAC 314-55-570(2)	<b>Summary:</b> Regarding the “average state income” – I have never seen this term used. Regarding income, it is typically median income as a qualifying factor. Replace average state income with median income. Social equity in cannabis is supposed to be specifically about ensuring that Black African-American people have an opportunity to obtain licenses because they were left out of the original licensing plan. My understanding of Governor Inslee’s recent statement is that there is no prohibition on using race as an explicit criterion. Race should be included as part of the criteria.
11.	Emerald City Collective	WAC 314-55-570(2)	<b>Summary:</b> Question is in regards to how disproportionately impacted areas will be identified. Because of gentrification, areas have changed over the years. What is the full criteria for determining DIA, is it from 20 years ago or are we talking about DIA right now?
12.	Member Garrett	WAC 314-55-570(2)	<b>Summary:</b> In order for the LCB to included race as a specific criterion, it has to come from the legislature. Representative Entenman, are you willing to run a bill if you feel like race should be included in the overall criteria?
13.	Representative Debra Entenman	WAC 314-55-570(2)	<b>Summary:</b> If a bill was needed, I would be willing to run the bill. Based on the information I have, the executive order the Governor issued, and the equity and disparity reports that have been released, we have all the evidence we need to show that we can ask for these limited licenses to be set aside so that African-American people have the opportunity to compete in the cannabis space.

## Attachment F

### Comments and Email Received Regarding Virtual Social Equity Listen and Learn Session

Held March 23, 2022

14.	James Buchanan	WAC 314-55-570(2)	<b>Summary:</b> I agree with Representative Entenman that state agencies, like the LCB, can already use race as an explicit criterion or factor for awarding contracts and licenses. The attorney general released a case study asserting race can be used if there is no other way. If it is determined that harm was done based on race, then the same measure can be used to give out contracts or licenses based on race. This was true even before the Governor recently rescinded Executive Order 98-01.
15.	Peter Manning	WAC 314-55-570(3)	<b>Summary:</b> Qualification to have lived 6 months in a Disproportionately Impacted Area (DIA) is too short. Anyone could move to a DIA now and be eligible for a SE license when the applications are available. This program should be a pathway for African American ownership. Anybody could set up shop, then qualify. Agrees with Rep. Entenman regarding who was most harmed – like him – everyone who was black. Eg. White women who owed million in taxes and got 3 licenses.
16.	Mike Asai, Emerald City Collective	WAC 314-55-570(3)	<b>Summary:</b> Was the first dispensary in downtown Seattle as pioneers. Are we talking about blacks in the past (time, 20 years ago) or we talking about now (blacks don't live in these areas)? 6 months in a Disproportionately Impacted Area (DIA) is too short. All 3 criteria should be required to qualify for a SE license. Applicants should be required to have been arrested or have a family member who was arrested. More points should be given to applicants who have more than a 51% ownership in the company. (DIA) time used to be 10 years, why did it change to 6 months?
17.	Louie Flores	WAC 314-55-570(3)	<b>Summary:</b> I am currently 20% owner of retail store in Vancouver. My father was African Cuban. I was arrested for possessing small amount of cannabis years ago. That arrest really affected me in job market. Is there an opportunity in this program for somebody like me?
18.	Christy Stanley	WAC 314-55-570(3)	<b>Summary:</b> 51% is a controlling interest, requiring more than that is redundant. The Disproportionately Impacted Area qualification should be 6 months. As a child I didn't have a lot of money and we moved to many areas. Qualification of living six month in disproportionately impacted area is advantage. There is more than one DIA and we didn't live in one area for very long. How far back will they be going back looking at qualifying income?
19.	Philip Petty	WAC 314-55-570(3)	<b>Summary:</b> If you are black or brown, a SE plan is ridiculous, we are social equity. How long you have lived in the area? Other states require applicants to have lived in a DIA for 5 years, why ONLY 6 months? People move around different areas. A pioneer is a guy who way back before there was medical MJ, they were selling out of their pocket; not trying to get into who should get it; how many licenses you can get, capitalization and reduce restrictions on locations; what about making mobile?



**Attachment F**  
**Comments and Email Received Regarding Virtual Social Equity Listen and Learn Session**  
**Held March 23, 2022**

20.	Micah Sherman	WAC 314-55-570(3)	<b>Summary:</b> Would like to see a race conscious approach added to the qualifications. SE rules should be race based, it is what the SECTF recommended and it is allowed by Governor Inslee's executive order. Current qualifications won't allow those that are black and brown to end up with these license – add this to the list of qualifications
21.	Darrell Powell	WAC 314-55-570(3)	<b>Summary:</b> Why didn't the LCB take recommendation to consider race? Black and African American must be at the head of the line. Unfair not to consider race. Need explanation to understand why LCB is not including race based criteria; if rules are not written in a way that black/brown are first in line, unfair; can't keep using SE without any equity involved; go back and look at rules and rubric tool from SECTF.
22.	Representative Debra Entenman	WAC 314-55-570(3)	<b>Summary:</b> Do the applicants have to be low income? Will a person who is not low income not be considered? If person is black and lives in a disproportionately impacted area and is not low income, are they not allowed to apply?
23.	James Buchanan	WAC 314-55-570(3)	<b>Summary:</b> Use the race based rubric developed by the SECTF. The Task Force did their job on recommending proper rubric; this process being presenting today is absolutely horrible and unacceptable. Licenses will end up in wrong hands. The SECTF rubric tool is legal and does not have to go to legislative session. LCB does not want to use racial reference – there is fork in the road and which way will LCB go. Do the right thing.
24.	Mike Asai Emerald City Collective	WAC 314-55-570(4)	<b>Summary:</b> The Board will open the window for 30 days. How long after the window is open will the LCB receive the application?
25.	Representative Debra Entenman	WAC 314-55-570(4)	<b>Summary:</b> Is the group reviewing the application part of LCB, or independent? Will the RFP for the third party contractor to score the applications require that the contractor declare that they won't benefit from granted licenses?
26.	Micah Sherman	WAC 314-55-570(4)	<b>Summary:</b> The social equity contractor will score applications using the scoring rubric provided by the board. Three qualifications are listed and two qualifications need to be met to be approved as a social equity applicant. So my question is what will the scoring be and will applicants be prioritized independently of the minimum requirements based on that score?

**Attachment F**  
**Comments and Email Received Regarding Virtual Social Equity Listen and Learn Session**  
**Held March 23, 2022**

27.	Tony Motley Jr.	WAC 314-55-570(4)	<b>Summary:</b> Is there a reason why the chat feature has been disabled? Enabling the chat feature would help people in agreeing with what someone says, rather than feeling the need to also speak. It would also help so you could drop some of the links that you're referring to in the discussion.
28.	Latisha Ellery	WAC 314-55-570(4)	<b>Summary:</b> Why is it being implied that this opportunity is just for African Americans? Is the scoring rubric still in place? Are we being divided by race on a point scale in the rubric – like African-Americans get more points than a Native American or Hispanic person? If this is a social equality opportunity why don't we all get the same amount of points for being a person? Recommendation to not include race in the scoring rubric.
29.	Peter Manning	Operational	<b>Summary:</b> When the formula to give out licenses in the I-502 system was created, it was expressed that Blacks and Latinos would suffer the most and they wouldn't be qualified. I took up that fight and I have carried that fight. The war on drugs decimated my community. Black communities were harmed the most. Now when it is legal, there are a lot of white-owned shops in black communities, while we are only allowed to consume. This program can give us an opportunity to be involved in the cannabis industry and create generational wealth for our kids.
30.	James Buchanan	WAC 314-55-570(4)	<p><b>Topic:</b> Section (4)(c)(v), Scoring Rubric  <b>Summary:</b> Offered feedback that the SECTF rubric should be adopted.</p> <p><b>Topic:</b> Operational  <b>Summary:</b> Shared concerns that the Listen and Learn rule development process would not result in any meaningful change to the draft rule language.</p> <p><b>Topic:</b> Section (4), Social equity plan requirement  <b>Summary:</b> Suggested removing the requirement that SE applicants submit a SE plan, since those who didn't receive equity and have been harmed should not be required to write a plan showing how they're going to be equitable.</p>

**Attachment F**  
**Comments and Email Received Regarding Virtual Social Equity Listen and Learn Session**  
**Held March 23, 2022**

31.	Alexis Gobeske, Dynamic Law Group	WAC 314-55-570(4)	<b>Topic:</b> Section (4)(c)(v), Scoring Rubric <b>Summary:</b> Suggested that the scoring rubric should be placed directly into the rule language, rather than in a separate document, so that it cannot be modified later and to provide clarity so that everyone knows what the scoring rubric includes. Offered feedback that the placement of the phrase “social equity plan” in parenthesis was poorly drafted and suggested redrafting as follows: “the social equity contractor will score social equity applications, including their social equity plan, using the scoring rubric provided by the board.”
32.	Mike Asai, Emerald City Collective	WAC 314-55-570(4)	<b>Topic:</b> Section (4)(c)(v), Scoring Rubric <b>Summary:</b> Question/ seeks clarification about which version of the scoring rubric that the LCB is planning to use.  <b>Topic:</b> Section (4)(b)(i)(C)-(D) <b>Summary:</b> Question/seeks clarification about the language in (C) stating the SE applicant can only apply for one jurisdiction during the application window, and the language in (D) stating that the SE applicant may not change their selected jurisdiction after initial application.
33.	Representative Debra Entenman	WAC 314-55-570(4)	<b>Topic:</b> Section (4), Social equity plan requirement <b>Summary:</b> Question/ seeks clarification about whether a SE licensee is required to have SE plan, and whether the SE plan is something that is required for every licensee, or just the SE licenses. Offered feedback that the SE plan is an unfair requirement for a group that has had the least opportunity to open up cannabis stores. Suggested adding the SE plan requirement for everyone or no one.
34.	Susan Stoltzfus	WAC 314-55-570(5)	<b>Topic:</b> Section (5)(iii), Moving licenses within jurisdictions (counties) <b>Summary:</b> Suggestion to clarify that licenses can be moved anywhere in the county where not prohibited by the local government. Question/ seeks clarification in the rule that licenses that are moved within the county could potentially be moved to cities within the county that have already reached their city cap.
35.	Christy Stanley	WAC 314-55-570(5)	<b>Topic:</b> Section (5)(iii), Moving licenses within jurisdictions (counties) <b>Summary:</b> Question/seeks clarification that the SE applicant license pool will not give away licenses currently held by marijuana certificate holders. Suggestion that the rules should clarify what will

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			happen if an applicant attempts to get a license in a banned city. Suggestion to clarify that the available licenses need to stay within the jurisdictions (counties) in which they were lost or forfeited.
36.	Jeff Merryman	WAC 314-55-570(4)	<b>Topic:</b> Section (4), Social equity plan requirement <b>Summary:</b> In support of the requirement that SE applicants must complete a SE plan.
37.	Micah Sherman	WAC 314-55-570(5)	<b>Topic:</b> Section (5)(iii), Moving licenses within jurisdictions (counties) <b>Summary:</b> Question/seek clarification about whether it is possible to move licenses from cities with a ban, to somewhere else in the county. Question about how many of the open allotments there currently are in areas without a ban or moratorium.
38.	James Buchanan	WAC 314-55-570(5)	<b>Topic:</b> Section (5)(v), SE License transfer period and requirements <b>Summary:</b> Suggestion to make the SE license not transferrable for a 5 year period instead of a 1 year period to prevent manipulation of SE license program and hidden ownership, and to ensure that SE licenses are issued to the intended beneficiaries of the SE program.
39.	Mike Asai, Emerald City Collective	WAC 314-55-570(5)	<b>Topic:</b> Section (5)(iii) Moving licenses within jurisdictions (counties) <b>Summary:</b> Question about the total number of SE licenses currently available and how many are in locations with a ban or a moratorium. Question/ seeks clarification about the mobility of licenses within the county and why this mobility can't be extended to the whole state instead of the just the county.  <b>Topic:</b> Section (5)(iv), Qualifying for the SE program <b>Summary:</b> Question/seek clarification about why Section 2 states that SE applicants need to meet 2 out of 3 of the SE application qualifications, but section 5 states that SE applicants must meet all license qualifications in chapter 314-55 WAC.  <b>Topic:</b> Section (5)(v), SE License transfer period and requirements <b>Summary:</b> Question/seek clarification about what the transfer period means—why does it state that the SE licenses may not be transferred within the first year but later mentions “a period of five years from the date of the transfer.” Question/seek clarification about whether after five years the business could be sold to someone who is not a SE applicant.

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40.	Tim Lauks	Operational	<b>Summary:</b> Question about whether he would be able to qualify for a license under the SE application process as an individual with a medical dispensary prior to I-502 but who was previously denied a recreational license due to criminal history after I-502. Suggestion to allow those who were previously denied a license due to criminal history background to receive a preference for a SE license.
41.	Justin	Operational	<b>Summary:</b> Suggestion to allow unlimited licenses, rather than issuing a limited number of licenses to individuals of specific backgrounds, to reduce animosity among licensees.
42.	Osaze Wilson	WAC 314-55-570(5)	<b>Topic:</b> Section (5)(iii), Moving licenses within jurisdictions (counties) <b>Summary:</b> Question/seek clarification about whether the pool of available licenses are those that have been previously been lost or revoked and whether these licenses have to stay within their original jurisdiction of issuance. Seeks clarification about whether jurisdiction is county level or city level.  <b>Topic:</b> Operational <b>Summary:</b> Question about who will be doing the SE application review and what qualifications they will have.
43.	Philip Petty	Operational	<b>Topic:</b> Operational <b>Summary:</b> Question about how many licenses are available, how many are in areas with bans or moratoria, and how many are in Western Washington.  <b>Topic:</b> Operational <b>Summary:</b> Request to clarify for the group why and how the social equity program was created—for the purpose of addressing past inequities for communities that were harmed or disadvantaged when licenses were originally issued.
44.	Peter Manning	WAC 314-55-570(6)	<b>Topic:</b> Section (6), Application withdrawal <b>Summary:</b> Shared feedback that there are no problems with section 6.  <b>Topic:</b> Operational <b>Summary:</b> Request to clarify and share history of how we got to where we are at with the social equity program. The social equity program was created to make amends for what was done to black

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			and brown people who were victimized in the war on drugs and have not benefited from the legalization of cannabis.
45.	Justin	Operational	<b>Summary:</b> Shared/ repeated previous suggestion to allow unlimited licenses, rather than issuing a limited number of licenses to individuals of specific backgrounds, to reduce animosity among licensees.
46.	Mike Asai, Emerald City Collective	Operational	<b>Summary:</b> Shared information about locations of available SE licenses. Shared the history behind Emerald City Collective and former medical collectives run by the black and brown community.
47.	James Buchanan	WAC 314-55-570(5)	<b>Topic:</b> Section (5)(iii), Moving licenses within jurisdictions (counties) <b>Summary:</b> Question about why the LCB did not implement rules to allow licenses to move within jurisdictions (counties) two years ago when the SE program was first created and HB 2870 first went into effect.
48.	Jeff Merryman	WAC 314-55-570(4)	<b>Topic:</b> Section (4)(c), Social equity application process <b>Summary:</b> Suggestion that preference should be given to SE applicants who were part of former medical collectives/dispensaries prior to SB 5052 but were left out of the recreational cannabis market, rather than judging applications on the basis of skin color.
49.	Peter Manning	Operational	<b>Summary:</b> Suggestion that there should be 80 SE licenses available. Offered a thank you to everyone who participated in the Listen and Learn session. Offered feedback that he would like there to be a wider understanding of the history behind the SE program without hostility and animosity, and a positive outlook going forward.

## Attachment F

### Comments and Email Received Regarding Virtual Social Equity Listen and Learn Session Held March 23, 2022

#### Email Comments

	Email	Commenter	Date & Time Received	Direct Quotes from Emails Received
1	<i>Email</i>	Christy Stanley	3/23 @2:15PM	<p>"Hello,</p> <p>In response to "Ryan" concerning Section 2, J, i "an applicant own at least fifty-one percent..." My response is: In any business entity structure, fifty-one percent IS the controlling interest any business. To state a percentage any higher than 51% that is a redundancy.</p> <p>In response to Rep. Entenman (and others) that state that the Governor and/or legislature stated specifically black/African Americans should be the only ones who should qualify for a license, is incorrect. The language said, "persons of color" as far as being ONE of the qualifiers for licensure.</p> <p>Thank you, Christy Stanley"</p>
2	<i>Email</i>	Christy Stanley	3/23 @ 2:44PM	<p>"Hello,</p> <p>In response to Micha Sherman: I strongly believe that race, being an obvious factor in the historical rates of arrests for crimes PRIOR to legalization for people of color, isn't capturing the entire scope of disproportionately impacted areas. Many people in these impacted areas were not all black. Many were/are of mixed races as well as white, all of whom lived below the national poverty level in many instances, and experienced crime as a direct result of having to reside in these disproportionately impacted areas, albeit indirectly in many cases, whereby, an applicant may have been a family member who suffered because of the actions of another who broke the law.</p> <p>Thank you, Christy Stanley"</p>
3	<i>Email</i>	Christy Stanley	3/23 @ 2:53PM	<p>"Hello,</p> <p>I am concerned that the 34 available license allotments to be used for the Social Equity Plan are gleaned from available licenses that ARE NOT gleaned from current Marijuana Certificate holder's allotments. Please advise.</p>

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### Comments and Email Received Regarding Virtual Social Equity Listen and Learn Session

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				Thank you, Christy Stanley”
4	<i>Email</i>	Christy Stanley	3/23 @ 3:07 PM	<p>“Hello,</p> <p>In response to Peter Manning: I strongly disagree with pretty much all of his comments. His comments are incendiary and I feel as though my being "white" is to blame for his woes. The fact is: There were choices made by ALL people during illegal marijuana. The fact that HE made the choices he did, have nothing whatsoever to do with MY being white.</p> <p>Respectfully, Christy Stanley”</p>
5	<i>Email</i>	Christy Stanley	3/23 @3:12PM	<p>“Hello,</p> <p>I may be wrong, but the way I understood the Social Justice and Equity Bill, was to give benefit to those individuals who were impacted by arrests, incarcerations, etc. AFTER the passage of I-502 back in 2012, but hadn't yet been implemented creating a huge "grey" area regarding the legality of cannabis in Washington State and it's conflict at that time with the Federal Law as a Schedule 1 narcotic and how Law Enforcement was, at that time, interpreting the passage of I-502.</p> <p>Sincerely, Christy Stanley”</p>
6	<i>Email</i>	Christy Stanley	3/23 @ 4:09PM	<p>“Hello,</p> <p>After hearing of the ability of the LCB to elevate license allotments from the city level to the county level I am going to request that those licensees who converted their licenses to a Marijuana Certificate, be allowed to be moved up to the county level, separate and apart from this Social Equity Plan, and not encumbered by any of it's criteria. The Marijuana Certificates should be processed as a regular Retail Marijuana License application as that's how they were originally applied and vetted for.</p> <p>I hold a Retail Marijuana Certificate in University Place, within Pierce County, and since the LCB is allowing for additional allotments to accomodate for the 40 Social Equity Plan applicants, it only makes sense and is only</p>



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				<p>RIGHT to allow us to leave our unfortunate situations within the banned cities. It has been FAR too long that we have patiently waited for resolve living in the "legal but just not here limbo".</p> <p>Respectfully, Christy Stanley”</p>
7	<i>Email</i>	Teddy Leake	3/24 @ 12:32PM	<p>“Hello,</p> <p>I wanna to know if you guys could add language that provide some type of safeguards or mile stone for the licenses that get disbursed. Possibly after every 10 licenses that get issued you look back and see if the social equity program is working as it should be. Because it would be bad if 40 licenses got issued, and out of the 40 licenses, only 10 minorities actually get the license. I would hate to wait another 8-10 years before this program gets fixed if it doesn’t work the way it was intended to work.</p> <p>Thank you</p> <p>Teddy Leake”</p>
8	<i>Email</i>	The Peaceful Choice	3/28/22@ 12:52PM	<p>Hello!</p> <p>I very much enjoyed the social equity listen and learn. I do However have feedback to be given directly to the team in charge of the licensing for social equity. See Below</p> <ol style="list-style-type: none"> <li>1. A social equity license cannot be sold AT ALL for Five Years!</li> <li>2. There should be a pathway for Priority 2 or 3 Collective Garden Licenses that paid medical marijuana DOR tax and had a real medical marijuana dispensary licensed by the local authority to have a pathway to apply with a social equity applicant to receive extra added points to get into the lottery.</li> <li>3. There is a major inequity for producer &amp; processor licenses to retailer licenses. The store shelves are monopolized by northwest cannabis solutions and Grow Op farms that sell 2 million a month.</li> </ol> <p>We need to retract the producer/ processor licenses if they can't sell 19,000 dollars in a fiscal year. There are way too many grow licenses and they need to be retracted in order for the number of licenses to balance.</p>
9		Latisha Ellery	4/1/22 @ 11:24 AM	<p>Hello,</p>

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			<p>Im Latisha Ellery, I just wanted to share my concerns about the application process for the cannabis retail opportunity that is going to be available to the minorities in our state. I had attended the listen and learn meeting on March 23d 2022 and was honestly pretty disappointed at the amount of helpful information that was not covered In the 3 hour meeting. It really seemed like a complaint session for the African American advocates to complain about how they as one race among many races weren't given the opportunity to get into the marijuana retail business, but isn't this opportunity for the people that didn't get a fair chance when retail stores opened in Washington State? I don't mean to sound apathetic or callous to African Americans, everyone has struggles and things that happen in their lives or the lives of their ancestors. The things that were being said during this meeting were irrelevant to what this meeting was to be about we all have problems whatever they may be and I felt as if it was a sob story session instead of a listen a learn about this opportunity. I felt bad for the board members because they were being verbally attacked basically, and when I asked a question that was very relevant to the scoring rubric I was attacked as well and a board member had to step in and mute the individual which I am very grateful for, so thank you sir for doing that.</p> <p>I feel that the current scoring rubric that the LCB plans to use to see who qualifies for the social equality program is unfair and unjust to any person of any race.</p> <p>First of all how is the LCB board think that dividing us by race to determine the amount of points one qualifies for is social equality that is social injustice. We should all get the same amount of points no matter what our race is. The points for our merits or for our backgrounds should be based on each individual's background. I shouldn't get less points for living in poverty area than a African American or hispanic person because I'm native. Our backgrounds and individual merits should determine the points we can qualify for. Any other way of scoring would be based on another social injustice for the people of color that live in our state.</p> <p>I would like your department to try to understand, coming from a different point of view. There is 40 licenses available so since African Americans get the most points across the board if 40 African Americans apply for the same program I apply for being Native American or say a person of Hispanic decent applies for, and a Native American or Hispanic checks all the boxes across the current scoring rubric, but in the current point system neither the person of Native or Hispanic decent has no chance of qualifying. I say this because if 40 African Americans apply they get more points on the rubric than any other race, so if the license is awarded on points then no other race even has a chance to qualify because one single race gets more points in every category and that in itself is social injustice not social equality.</p>
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			<p>I would like to see the point system be revised with all races to be considered for example:</p> <p>Eligibility criteria should be based on if you qualify for all the criteria. Any person of a different race shouldn't get more points because of their race or how much of a race they are. All the category's should be treated like the business plan category and not points being awarded on race or percentages of race. You recieve a certain amount of points for having a business plan across the rubric and every category should be treated like that. I think it should be this way because no other race than African Americans will have a chance to qualify on the current scoring rubric, so Im wondering if this program was made for African American community only in mind? Also why are people of Asian decent not included in this?</p> <p>I don't want to get in to my individual story/qualifications but want to give an example so it can be better understood of how unfair and unjust the current scoring rubric is. I am of Native decent and both my parents are Native American from two different tribes but the United States government says that I can only enroll with one tribe. They also set the blood Quantum levels for a Native American to be enough Native American to be enrolled. So since I have 2 parents of Native American decent, but can only enroll with one tribe due to current laws. I am only a quarter Native American on my enrollment paperwork. Even though I am actually half Native American. Being documented at only a quarter would put me at the least likely to qualify for the social equality program under the current scoring rubric.</p> <p>I really hope the social equality board takes this into consideration and revises the current scoring rubric to make it fair for all people of all races that want to apply for this wonderful opportunity in our beautiful state. Thank you for your time I hope you all have a wonderful day and blessed lives.</p> <p>Sincerely,</p> <p>Latisha Ellery</p>
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# **Attachment G**

**From:** Sawyer, Sheri (GOV)  
**Sent:** Thursday, January 20, 2022 5:28 PM  
**To:** Wicks, Emily <[Emily.wicks@leg.wa.gov](mailto:Emily.wicks@leg.wa.gov)>  
**Subject:** Feedback regarding HB 2022

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Hello Rep. Wicks –

Thanks for asking for feedback regarding HB 2022. First and foremost, our office supports the policy goal of continuing the work started in 2020 with the ESHB 2870, requested by the Liquor and Cannabis Board, to provide true social equity in cannabis licensing.

**New Licenses:** Our office supports the issuance of additional social equity retail licenses and we are neutral on the number the legislature allows. We also support adding new social equity producer/processor licenses; however, we do have concerns that if too many are issued, we could have an overproduction problem and this could lead to diversion to the illicit market. In addition, we have concerns about potential odor issues within communities.

**Mobility:** We support the concept of mobility as long as local jurisdictions retain their current authority.

**Changes in Buffers:** We support the removal of the buffers in the areas indicated and the reduction of the buffer to 500' in proximity of an elementary or secondary school. This is with one notable exception: we believe the buffer should be retained for child care centers but also reduced to 500'. We do believe this should be the "floor" so to speak, and local jurisdictions should retain their authority to set any further restrictions as they deem appropriate for their community.

**Process for Prioritizing Social Equity Applicants:** We do not support the giving prioritization of the applicants to Commerce. We firmly believe this authority needs to be retained by the LCB. **We would support LCB selecting a contractor to score the applications; however, not based the *current* scoring rubric recommended by the Social Equity in Cannabis Task Force. We share the LCB's concerns about the current scoring rubric. I've attached a memo the LCB sent to the Task Force members, dated January 14, that outlines their concerns and makes recommendations for the Task Force to consider. We support the LCB's recommendations.**

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LCB to consult with Office of Equity rather than the Commission on African American Affairs when defining disproportionately impacted areas and approving social equity applicants. – We support.

Social Equity Plan: – We support deleting the requirement for a social equity plan.

Prohibition on issuing new producer, processor, or retail licenses to anyone other than social equity applicants through 12/31/29: We support the prohibition.

Require any new license types to be issued only to social equity applicants through 12/31/29: We support this concept; however, we do have a concern regarding potential legal risk. We would need review by the Attorney General’s Office. An alternative could be to require 51% of any new license types to be issued to social equity licenses with no expiration date.

Beginning 1/1/30, 51% of new cannabis licenses must be issued to social equity applicants: We support.

Social equity grants, low-interest loans, and technical assistance– We support generally; however, we have concerns over the interpretation of the language , “low-interest loans *must be made available*” by Commerce.

Importantly, I want to note that since the bill impacts the Department of Commerce, the Liquor and Cannabis Board and the Office of Equity, they will likely have additional feedback for you.

Thanks for your consideration and please let me know if you would like to discuss.

Sheri

**SHERI SAWYER**

**Senior Policy Advisor | Office of Governor Jay Inslee**

**Cell: 360.480.9321**

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# Washington State Liquor and Cannabis Board

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January 14, 2022

**TO:** Representative Morgan and the Social Equity in Cannabis Task Force

**FROM:** Rebecca Smith, Director of Licensing and Regulation

**SUBJECT:** Social Equity in Cannabis Taskforce recommendations

Dear Representative Morgan and Task Force Members,

Thank you for sending the Social Equity in Cannabis Task Force recommendations to the Liquor and Cannabis Board (LCB) on January 6, 2022. We appreciate the substantial work by the committee to support our efforts to improve the cannabis licensing system.

The LCB is committed to adopting a social equity program that is impactful and can withstand legal challenges. After careful review, there are some concerns about the current scoring rubric. The LCB strives to ensure that any licensing processes can withstand constitutional challenges. The federal Equal Protection Clause prohibits the LCB from using explicit racial preferences in licensing. We have taken steps to identify an alternative option that includes race neutral factors we hope will achieve the social equity goals expressed in the legislation.

Utilizing the Task Force's original scoring rubric draft as a foundation, the LCB has developed a model that incorporates other factors that reflect the impact on the community as a result of the war on drugs, including:

- Household income less than the State median
- Type of sentence received for cannabis related conviction

As you review our proposed changes to the rubric, please understand that although the format is a bit different, we used all but two of the original questions from the Task Force.

To further support the Task Force's work, the LCB is conducted outreach to other states that have successfully implemented and issued licenses for their social equity program. We reviewed Colorado, LA County and Massachusetts social equity programs. We were seeking information and resources that speak to the number of licenses issued, their approach to scoring applications, whether a third-party reviewer was contracted, any litigation and the outcome, lessons learned, etc. The outcome of this outreach provided valuable data that will aid in how the LCB moves forward to support the Task Force recommendations and initiate a solid program for Washington state.

The Agency remains committed to meeting the needs of the community and we look forward to continued partnership to reach our shared vision of a sound, viable and successful Social Equity program.

If you have any questions or would like to schedule time to discuss in more detail, please do not hesitate to let me know. Thank you for your time and consideration.

Attachments (2)

cc: David Postman, LCB Board Chair  
Ollie Garrett, LCB Board Member



## Social Equity Applicant Requirements

To be considered a Social Equity Applicant, the following requirements must be met.

1. The social equity applicant must be a person (not a company) and must hold 51% majority/controlling interest.
2. Applicants are eligible if they have resided in Washington for six months prior to the application date (as required currently in [RCW 69.50.331](#)) and demonstrate at least two of the following criteria outlined numbered 1-3 below:
  - Criteria 1: Lived in a Disproportionately Impacted Area (DIA) in Washington State for a minimum of 6 months.
  - Criteria 2: Applicant or family member (as defined in law Washington Family Medical Leave Act) arrested or convicted of a cannabis offense.
  - Criteria 3: Household income less than average state income.
    - [WA Household Income 2019: \\$73,775 / Per Capita \\$38,915](#), US Census Bureau
3. Submit a Social Equity Plan.

## Scoring Rubric

The following scoring rubric will be used to prioritize social equity applicants:

Category	Criteria Elements	Point Scale
Eligibility Criteria	1. Lived in a Disproportionately Impacted Area (DIA)	40
	1a. How long have you lived in a DIA? 6m-5y = 5 points 5y-10y = 10 points 10+ years = 20 points	20
	2. Convicted of a drug offense? (Self)	5
	2a. Convicted of a cannabis offense? (Self)	20
	3. Convicted of a drug offense? (Family)	5
	3a. Convicted of a cannabis offense? (Family)	5
	4. If you were convicted of a cannabis offense, what type of sentence did you receive:  Fine=5 points Served probation=10 points Confined to home =20 points Served time in jail or prison=40 points	40
	5. Did you or your family member's incarceration keep you from getting employment?	5
	6. Did you lose your home or ability to purchase a home or rent a home as a result of your convictions?	5
	7. Is your household income less than average state income? <a href="#">WA Median Household Income in 2019: \$73,775 / Per Capita \$38,915, US Census Bureau</a>	40
8. Do you have previous cannabis business experience that would make your business more viable?  <u>or</u> Were you a member of a medical cannabis collective garden between 1998-2016?	5	
9. Have you held or do you currently hold 51% majority/controlling interest of a state cannabis (marijuana) retailer license? No = 10 points	10	

	Yes = 0 points	
<b>Total Points</b>		<b>200 points</b>
<b>Technical Assistance</b>	<ol style="list-style-type: none"> <li>1. Do you want to apply for the Technical Assistance Grant and how much do you need?</li> <li>2. Do you need assistance with a Business Plan or any of the following? <ol style="list-style-type: none"> <li>a) Navigating the licensing process;</li> <li>b) Cannabis-business specific education;</li> <li>c) Regulatory compliance training;</li> <li>d) Financial management training;</li> <li>e) Strengthening a social equity plan; and/or</li> <li>f) Connecting applicants to industry members.</li> </ol> </li> </ol>	

DRAFT

The Social Equity in Cannabis Task Force was formed in 2020 in accordance to [HB 2870](#), allowing additional marijuana retail licenses for social equity purposes. The task force met remotely throughout 2020 to develop the following recommendations to establish a social equity program for issuing and re-issuance of existing retail cannabis licenses.

**Liquor & Cannabis Board:**

1. The definition of Family that is used for the eligibility criteria for the Social Equity Application will follow the definition in statute, [HB 2614](#).
2. Definition of “Family member”: includes a biological, adopted, or foster child, a stepchild, a child’s spouse, or a child to whom the applicant stands loco parentis (in place of a parent), is a legal guardian, or is a de facto parent, regardless of age or dependency status; grandchild, grandparent, parent, sibling, or spouse, and also includes any individual who regularly resides in the applicant’s home or where the relationship creates an expectation that the applicant care for the person and that individual depends on the applicant for care. Except that it does not include an individual who simply resides in the same home with no expectation that the employee care for the individual.
3. Utilize the Ranking formulas and Indicators Formula to determine disproportionately Impacted Areas

**Disproportionately Impacted Areas Formula:**

DIA FORMULA

**% Unemployment +**

**Median Household Income as Proportion to County +**

**# of Drug Convictions +**

**2.9 × of Black Residents +**

**1.6 × % of Latino/a/x Residents +**

**1.6 × % of Indigenous Residents +**

**= DIA Score for Census Tract**

Legend:

Explicitly Expressed in legislative mandates

Prioritizing communities of color

Incorporating the disparities in cannabis

convictions

## 1) Social Equity Application

### a) **Social Equity Application Process:**

- i) 30-60-day application window to submit information (closed window)
- ii) Liquor & Cannabis Board to contract with Equity organization (3rd party).
- iii) double-blind tiebreakers (If necessary)
- iv) Social Equity Applicants are given a preliminary letter of approval from the case manager.
- v) No time restrictions to secure a location.
- vi) Social Equity Case Manager (Within Liquor Cannabis Board) to ensure equity standards are met and to help guide applicants during the process.

### **Application Definitions:**

#### **Social Equity Contractor (3rd Party)**

- Responsibility is to review and score social equity plans. Then recommend winning candidates to the Social Equity Case Manager (LCB) for approval and advancement.

#### **Double-Blind Lottery (3rd party)**

- Method used to determine winners in the event of a tie.

#### **Preliminary letter of approval**

- Approval letter is given to selected applicants by the Social Equity Case Manager. Applicants with an approval letter can then take that letter to apply for grants from the Department of Commerce. These grant dollars can then be used to help the applicant secure retail location and other necessities needed to complete the remaining portion of the application process

#### **No time restriction to secure location.**

- This allows the applicant to secure a location. The Liquor & Cannabis Board will give the Social Equity Applicant a window to search for a location. The Social Equity Case Manager will monitor that applicant was given full time to secure the location.

#### **Social Equity Case Manager**

- This role will be associated with the Liquor & Cannabis Board to ensure social equity standards are met during and after the social equity application process. They will give the preliminary approval letter after reviewing recommendations from 3rd party. This individual will also be a resource for applicants and license holders to file grievances whenever facing inequity within the agency.

## 2. Scoring rubric criteria for social equity application

Category	Criteria Elements	Point Scale (Maximum Possible)
Eligibility Criteria	1. Lived in a Disproportionately Impacted Area (DIA) Black-30pts Hispanic-25pts Native-10pts	30
	2. Conviction History Convicted of a marijuana offense Black-30pts Hispanic-25pts Native-10pts	30
	OR 2a. Convicted of a drug offense Black-20pts Hispanic-10pts Native-5pts	
	OR 2b. Family member convicted of any drug offense-5pts	
	4. Black (150pts), Hispanic (75pts), Native American (25pts) ** Based on arrest rates ratios from (240,000 Marijuana Arrests Costs, Consequences, and Racial Disparities of Possession Arrests in Washington, 1986-2010, Marijuana Arrest Research Project	150
<b>Total for Category</b>		<b>250</b>
<b>Eligibility Criteria Weight % of overall Scoring</b>		<b>38%</b>
Social Equity Ownership Scoring	Black Ownership - 100%- 200pts 90-99%-150pts 76-89%-100pts 51-75%-50pts	200
	Or Hispanic Ownership - 100%- 100pts 90-99%-75pts 76-89%-50pts 51-75%-25pts	
	Or Native Ownership - 100%- 40pts 90-99%-30pts 76-89%-20pts 51-75%-10pts	
	<b>Total for Category</b>	
<b>Social Equity Plan Elements Weight % of overall Scoring</b>		<b>31%</b>
Business Plan	1. Executive summary, vision and mission? a. Employment and labor practices	150
	2. Do you have a previous cannabis business experience that would make your business more viable?	30
	<b>Total for Category</b>	<b>200</b>
<b>Business Plan Elements Weight % of overall Scoring</b>		<b>31%</b>
Other Priority Criteria	1. Do you want to apply for the Technical Assistance Grant and how much do you need?	No Points
	3. Do you have ownership of a current license, what percentage?	No Points
<p>Affirmations (licensee must affirm that all statements are true and risks being removed from consideration if any statement is found to be untrue)</p> <p>Affirm the business is at least 51% minority ownership</p> <p>Affirm if you lived in a DIA area and the length of time you lived there it's accurate on your application and plan.</p> <p>Affirm if you represent you or your family member was convicted of a marijuana or drug offense it is true.</p> <p>Affirm if you represent you have marijuana business ownership experience, it's true.</p> <p>Affirm everything on your application and business plan is true</p> <p>Affirm all owners and parties of interest that are represented on this plan and the application are accurate.</p> <p>Affirm all ownership represented on the plan is the same ownership that will be represented on the application and the operating agreement including all documents to WSLCB, county, and city.</p> <p>Affirm that no outside management companies other than management company owned by a social equity/Minority licenses holder can have any form of controlling interest in the business.</p> <p>Affirm that you are a resident of the state of Washington</p> <p>Affirm that any affirmations that are affirmed by applicant and found not to be true will result in denial of application or license revoked.</p>		No Points
<b>Other Priority Weight % of overall Scoring</b>		<b>0% (0pts)</b>
<b>Total Score:</b>		<b>650</b>

## Department of Commerce:

1. Cannabis mentorship program.
  - Provides financial assistance to cannabis licensees who meet the social equity definition.
  - The “social equity applicant” means
    - i. An applicant who has at least fifty-one percent ownership and control by one or more individuals who have resided in a disproportionately impacted area for a period of time defined in rule by the board after consultation with the Commission on African American Affairs and other commissions, agencies, and community members as determined by the board;
    - ii. An applicant who has at least fifty-one percent ownership and control by at least one individual who has been convicted of a cannabis offense, a drug offense, or is a family member of such an individual:  
or
    - iii. An applicant who meets criteria defined in rule by the board after consultation with the Commission on African American Affairs and other commissions, agencies, and community members as determined by the board. (RCW 69.50.335)

## Legislative Requests:

1. Create a community reinvestment fund using 50% of cannabis tax revenue
  - a. 10% - Financial assistance awards will be funded by transferring the cannabis tax revenue to the cannabis social equity grant program.
  - b. 5% - Low-interest loans for licensees who meet the social equity definition.
  - c. 35% to Disproportionally Impacted Areas for programming: Faith-Based organizations and non-profits to provide these services.
  - d. That any new cannabis licenses are reserved for social equity through 2029, this includes new licenses that are passed through the legislator. (ex. Delivery licenses, social consumption lounges, and additional retail licenses)
2. Any new cannabis licenses will be reserved for social equity through 2029. This includes new licenses that are passed through the legislature. (e.g. Delivery licenses, social consumption lounges, and additional retail licenses.)
3. Social equity retail licenses are eligible for mobility, contingent on local approval within their respective counties.
4. Reduce buffer zones from 1000ft to 500ft (excluding elementary schools, secondary schools, playgrounds which must remain at 1000 feet.)

If you have any questions or concerns, please contact Social Equity in Cannabis Task Force Chair, Representative Melanie Morgan, at [Melanie.Morgan@leg.wa.gov](mailto:Melanie.Morgan@leg.wa.gov).

# PROPOSED RULE MAKING



## CR-102 (December 2017) (Implements RCW 34.05.320)

Do NOT use for expedited rule making

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

**Original Notice**

**Supplemental Notice to WSR** \_\_\_\_\_

**Continuance of WSR** \_\_\_\_\_

**Preproposal Statement of Inquiry was filed as WSR 21-22-042 ; or**

**Expedited Rule Making--Proposed notice was filed as WSR \_\_\_\_\_; or**

**Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1); or**

**Proposal is exempt under RCW \_\_\_\_\_.**

**Title of rule and other identifying information:** (describe subject) Chapter 314-55 WAC. The Washington State Liquor and Cannabis Board (Board) proposes amendments to modernize existing rule, and proposes a new rule section in response to recommendations of the Social Equity in Cannabis Task Force, and requirements of RCW 69.50.335. The proposed rule amendments also implement Second Substitute House Bill (2SHB) 1210, Chapter 16, Laws of 2022, effective June 9, 2022 that changes the word "marijuana" to "cannabis" throughout Washington state law:

### Chapter 314-55 WAC Amendments to Existing Rule

Amended	WAC 314-55-015 – "General information about marijuana licenses"
Amended	WAC 314-55-020 – "Marijuana license qualifications and application process – Licensing change requests"
Amended	WAC 314-55-040 – "Marijuana applicant or licensee background checks"
Amended	WAC 314-55-045 – "What marijuana law or rule violation history might prevent an applicant from receiving a marijuana license?"
Amended	WAC 314-55-050 – "Reasons the WSLCB may seek denial, suspension, or cancellation of a marijuana license application or license"
Amended	WAC 314-55-055 – "Marijuana retailer license forfeiture"
Amended	WAC 314-55-070 – " Process if the WSLCB denies a marijuana license application"
Amended	WAC 314-55-079 – "Marijuana retailer license – Privileges, requirements and fees"
Amended	WAC 314-55-082 – "Insurance requirements"
Amended	WAC 314-55-110 – "What are my responsibilities as a marijuana licensee?"
Amended	WAC 314-55-120 – "Ownership changes"
Amended	WAC 314-55-125 – "Change of location"
Amended	WAC 314-55-137 – "Receiverships"

### Chapter 314-55-WAC New Sections Related to Establishing the Social Equity in Cannabis Program

New Section	WAC 314-55-570 – "Social equity in cannabis program"
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### Hearing location(s):

Date:	Time:	Location: (be specific)	Comment:
May 25, 2022	10:00 a.m.	In response to the coronavirus disease 2019 (COVID-19) public health emergency, the Board will not provide a physical location for this hearing to promote social distancing and the safety of the citizens of Washington state. A virtual public hearing, without a physical meeting space, will be held instead. Board members, presenters, and staff will all participate remotely. The public	For more information about Board meetings, please visit <a href="https://lcb.wa.gov/Boardmeetings/Board_meetings">https://lcb.wa.gov/Boardmeetings/Board_meetings</a> .



	<p>may login using a computer or device, or call-in using a phone, to listen to the meeting through the Microsoft Teams application. The public may provide verbal comments during the specified public comment and rules hearing segments.</p>	
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**Date of intended adoption:** Not earlier than June 8, 2022 (Note: This is **NOT** the effective date)

**Submit written comments to:**  
 Name: Katherine Hoffman, Policy and Rules Manager  
 Address: 1025 Union Avenue, Olympia, WA 98501  
 Email: rules@lcb.wa.gov  
 Fax: 360-704-5027  
 Other:  
 By (date) May 25, 2022

**Assistance for persons with disabilities:**  
 Contact Anita Bingham, ADA Coordinator, Human Resources  
 Phone: 7-1-1 or 1-800-833-6388  
 Fax: 360-664-9689  
 TTY: 7-1-1 or 1-800-833-6388  
 Email: anita.bingham@lcb.wa.gov  
 Other:  
 By (date) May 18, 2022

**Purpose of the proposal and its anticipated effects, including any changes in existing rules:** The purpose of this proposal is to establish the Social Equity in Cannabis Program as described in RCW 69.50.335, concerning cannabis retailer licenses, and to implement RCW 69.50.336. These proposed rules create a regulatory framework for the distribution of licenses that are currently available from cannabis retailer licenses that have been subject to forfeiture, revocation, or cancellation by the Board, or cannabis retailer licenses that were not previously issued by the Board, but could have been issued without exceeding the limit on the statewide number of cannabis retailer licenses established by the Board before January 1, 2020. The proposed rule amendments also implement Second Substitute House Bill (2SHB) 1210, Chapter 16, Laws of 2022, effective June 9, 2022 that changes the word “marijuana” to “cannabis” throughout Washington state law.

**Reasons supporting proposal:** Engrossed Second Substitute House Bill (E2SHB) 2870, Chapter 236, Laws of 2020, codified as RCW 69.50.335 and -.336 found that in the interest of remedying harms resulting from the enforcement of cannabis-related laws in disproportionately impacted areas, creating a Social Equity in Cannabis Program will further an equitable cannabis industry by promoting business ownership among individuals who have resided in areas of high poverty and high enforcement of cannabis-related laws. The Social Equity in Cannabis program is authorized by RCW 69.50.335 and RCW 69.50.336 and consistent with these statutes, offers assistance to individuals most directly and adversely impacted by the enforcement of cannabis related laws who are interested in starting cannabis business enterprises.

**Statutory authority for adoption:** RCW 69.50.342; RCW 69.50.335.

**Statute being implemented:** RCW 69.50.335; RCW 69.50.336; Second Substitute House Bill (2SHB) 1210, Chapter 16, Laws of 2022.

**Is rule necessary because of a:**

Federal Law?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Federal Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
State Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

If yes, CITATION:

**Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:** None

**Name of proponent:** (person or organization) Washington State Liquor and Cannabis Board  Private  Public

**Name of agency personnel responsible for:**

	Name	Office Location	Phone
Drafting: Rules Manager	Katherine Hoffman, Policy and	1025 Union Avenue, Olympia WA, 98501	360-664-1622
Implementation: Regulation Director	Rebecca Smith, Licensing and	1025 Union Avenue, Olympia WA, 98501	360-664-1615
Enforcement: and Education Director	Chandra Brady, Enforcement	1025 Union Avenue, Olympia WA, 98501	360-664-1726

**Is a school district fiscal impact statement required under RCW 28A.305.135?**  Yes  No

If yes, insert statement here:

The public may obtain a copy of the school district fiscal impact statement by contacting:

- Name:
- Address:
- Phone:
- Fax:
- TTY:
- Email:
- Other:

**Is a cost-benefit analysis required under RCW 34.05.328?**

Yes: A preliminary cost-benefit analysis may be obtained by contacting:

- Name:
- Address:
- Phone:
- Fax:
- TTY:
- Email:
- Other:

No: Please explain: A cost benefit analysis is not required under RCW 34.05.328 because the subject of the proposed rulemaking does not qualify as a significant legislative rule or other rule requiring a cost benefit analysis under RCW 34.05.328(5)(c).

**Regulatory Fairness Act Cost Considerations for a Small Business Economic Impact Statement:**

This rule proposal, or portions of the proposal, **may be exempt** from requirements of the Regulatory Fairness Act (see chapter 19.85 RCW). Please check the box for any applicable exemption(s):

This rule proposal, or portions of the proposal, is exempt under RCW 19.85.061 because this rule making is being adopted solely to conform and/or comply with federal statute or regulations. Please cite the specific federal statute or regulation this rule is being adopted to conform or comply with, and describe the consequences to the state if the rule is not adopted.

Citation and description:

This rule proposal, or portions of the proposal, is exempt because the agency has completed the pilot rule process defined by RCW 34.05.313 before filing the notice of this proposed rule.

This rule proposal, or portions of the proposal, is exempt under the provisions of RCW 15.65.570(2) because it was adopted by a referendum.

- This rule proposal, or portions of the proposal, is exempt under RCW 19.85.025(3). Check all that apply:
- |   |   |
|---|---|
| <input type="checkbox"/> RCW 34.05.310 (4)(b)<br>(Internal government operations) | <input checked="" type="checkbox"/> RCW 34.05.310 (4)(e)<br>(Dictated by statute)   |
| <input type="checkbox"/> RCW 34.05.310 (4)(c)<br>(Incorporation by reference)     | <input type="checkbox"/> RCW 34.05.310 (4)(f)<br>(Set or adjust fees)   |
| <input type="checkbox"/> RCW 34.05.310 (4)(d)<br>(Correct or clarify language)    | <input type="checkbox"/> RCW 34.05.310 (4)(g)<br>(i) Relating to agency hearings; or (ii) process requirements for applying to an agency for a license or permit) |

This rule proposal, or portions of the proposal, is exempt under RCW 34.05.310(4)(e).  
 Explanation of exemptions, if necessary: This rule proposal implements the Social Equity in Cannabis Program as required by RCW 69.50.335 and consistent with the Social Equity in Cannabis Task Force recommendations as described in RCW 69.50.336. This proposal also implements Second Substitute House Bill (2SHB) 1210, Chapter 16, Laws of 2022, effective June 9, 2022 that changes the word "marijuana" to "cannabis."

**COMPLETE THIS SECTION ONLY IF NO EXEMPTION APPLIES**

If the proposed rule is **not exempt**, does it impose more-than-minor costs (as defined by RCW 19.85.020(2)) on businesses?

No Briefly summarize the agency's analysis showing how costs were calculated.

Agencies are required to consider costs imposed on business and costs associated with compliance with proposed rules. Agencies are not required under chapter 19.85 RCW to consider indirect costs not associated with compliance. Here, the agency considered potential administrative costs that a licensee may incur complying with the proposed rules.

LCB applied the North American Industry Classification System (NAICS) codes 453998 for marijuana stores. The industry description for this code is presented in the table below, and can be accessed at <https://www.census.gov/library/publications/2017/econ/2017-naics-manual.html>.

LCB applied a default estimated compliance cost when analyzing whether the rules would have a disproportionate impact on small businesses as defined in RCW 19.85.020(3). This reflects 4 hours of administrative time at \$50 per hour, for a total of \$200. The agency assumes this activity would include activities such as completing and submitting forms to LCB, and telephone calls.

2017 Industry NAICS Code	Estimated Cost of Compliance	Industry Description	NAICS Code Title	Minor Cost Estimate	1% of Avg Annual Payroll (Threshold)	0.3% of Avg Annual Gross Business Income (Threshold)
453998	\$200	Marijuana stores, medicinal and recreational	All Other Miscellaneous Store Retailers (except Tobacco Stores)	\$3,615.53	\$3,024.31 2018 Dataset pulled from ESD	\$3,615.53 2018 Dataset pulled from DOR

As the table demonstrates, the estimated cost of compliance does not exceed the thresholds for any of the license types. Therefore, implementation of these rules are not anticipated to result in more than minor costs on businesses as defined in RCW 19.85.020(2).

Yes Calculations show the rule proposal likely imposes more-than-minor cost to businesses, and a small business economic impact statement is required. Insert statement here:

The public may obtain a copy of the small business economic impact statement or the detailed cost calculations by contacting:

- Name:
- Address:
- Phone:
- Fax:
- TTY:
- Email:
- Other:

<b>Date:</b> April 13, 2022	<b>Signature:</b> 
<b>Name:</b> David Postman	
<b>Title:</b> Chair	

**WAC 314-55-015 General information about ((marijuana)) cannabis licenses.** (1) To be issued and maintain a license to produce, process, or sell cannabis at retail, a person or entity applying for a cannabis license must meet ((certain)) all of the qualifications ((under this chapter to receive a marijuana license, which are continuing qualifications required to maintain the license)) described in this chapter.

(2) All applicants, licensees, and employees working in each licensed establishment must be at least ((twenty-one)) 21 years of age. No one under ((twenty-one)) 21 years of age ((is allowed to)) may enter or remain on a ((marijuana)) cannabis licensed premises except as provided in RCW 69.50.357.

(3) ((Minors restricted signs must be posted at all marijuana)) Mandatory signs must be conspicuously posted at all cannabis licensed premises consistent with the requirements in WAC 314-55-086.

(4) ((A marijuana license applicant may not exercise any of the privileges of a marijuana license until the WSLCB approves the license application.)) The privileges of a board issued cannabis license may be used only after the board issues official written approval.

(5) The ((WSLCB)) board will not approve ((any marijuana license for a location where law enforcement access, without notice or cause, is limited. This includes a personal residence.

((6) The WSLCB will not approve any marijuana license for a location on federal lands.

((7) The WSLCB will not approve any marijuana license)) an application for a cannabis license under any of the following circumstances:

(a) The proposed cannabis location would limit law enforcement access without notice or cause, including a personal residence;

(b) The proposed cannabis business would be located on federal lands;

(c) The proposed cannabis business would be located within the exterior boundaries of the reservation of a federally recognized tribe without the express written consent of the tribe consistent with WAC 314-55-020(4). ((If a tribe receives written notice from the WSLCB of a license application or change request under RCW 69.50.331 and the tribe does not respond to the WSLCB within thirty days of the date of that notice, the WSLCB will assume the tribe does not consent to the location of the applicant or licensee and the applicant or licensee must find a different location.

((8)) (d) The ((WSLCB will not approve any marijuana retailer license for a location)) application for a cannabis retail license is located within another business ((with the exception of the)) unless that other business is a research license ((consistent with)) as described in WAC 314-55-073. More than one license may be located in the same building if each licensee has their own area separated by full walls with their own entrance, or if the same business entity holds a producer license and a processor license at the same location under a single license number. Product may not be commingled.

((9) Every marijuana licensee)) (6) The board may impose special conditions to an approval for a cannabis license. Special conditions include, but are not limited to, involvement of any former licensee in

the operations of the licensed business, their former employees, or any person not qualifying for a cannabis license.

~~(7) All cannabis licensees must conspicuously post and keep posted its license, or licenses, and any additional correspondence ((containing)) issued by the board describing special conditions ((and restrictions imposed by the WSLCB in a conspicuous place on the premises)).~~

~~((10) In approving a marijuana license, the WSLCB reserves the right to impose special conditions as to the involvement in the operations of the licensed business of any former licensees, their former employees, or any person who does not qualify for a marijuana license.~~

~~(11) A marijuana producer, processor or retailer licensed by the WSLCB must conduct)) (8) A cannabis licensee must use sanitary practices in the production, processing, storage, and sale of ((marijuana-infused products using sanitary practices)) all cannabis products.~~

~~((12) Marijuana)) (9) Cannabis licensees may not allow the consumption of ((marijuana or marijuana-infused)) cannabis or cannabis-infused products on or within the licensed premises.~~

AMENDATORY SECTION (Amending WSR 21-02-096, filed 1/6/21, effective 2/6/21)

**WAC 314-55-020 ((Marijuana)) Cannabis license qualifications and application process—Licensing change requests.** Each ((marijuana)) cannabis license application is unique and ((investigated)) evaluated individually. The ((WSLCB)) board may inquire and request documents regarding all matters in connection with the ((marijuana)) cannabis license application. ~~((The application requirements for a marijuana license include, but are not limited to, the following:))~~

~~(1) ((Consistent with RCW 69.50.331 (7) and (10)), the WSLCB shall send a notice to cities and counties, tribal governments, and port authorities regarding the marijuana license application within said jurisdiction. The local authority, tribal government, or port authority has twenty days to respond with a recommendation to approve the application or an objection to the applicant, location, or both.~~

~~(2) Consistent with RCW 69.50.331 (8) (f), the WSLCB shall send a notice to tribal governments when an applicant or licensee is proposed to be located within the exterior boundaries of the reservation of a federally recognized Indian tribe. The tribal government will have twenty days to respond with an approval to the application. If written approval is not received within thirty days, the WSLCB will assume the tribe does not consent to the applicant's location and the applicant must find a new location.~~

~~(3) Applicants for a new marijuana producer, processor, retailer, transportation, or research license and those who apply to change their location must display a sign provided by the WSLCB on the outside of the premises to be licensed notifying the public that the premises are subject to an application for a marijuana license. Posting notices must occur within seven days of submitting the location confirmation form for new licenses or the change of location application for existing licensees. The WSLCB may check for compliance with this requirement at its discretion. The sign must:~~

~~(a) Not be altered. The licensee must post the sign sent by the WSLCB without changing, adding, or subtracting from the text;~~

~~(b) Be conspicuously displayed on, or immediately adjacent to, the premises subject to the application and in the location that is most likely to be seen by the public;~~

~~(c) Be of a size sufficient to ensure that it will be readily seen by the public, at a minimum these signs must be eight and one-half by eleven inches;~~

~~(d) Be posted within seven business days of the date the notice is sent to the applicant by the WSLCB; and~~

~~(e) The notice must be posted for fourteen consecutive days.~~

~~(4) All marijuana license applicants must meet the qualifications required by the WSLCB before they will be granted a license.~~

~~(5) The WSLCB will verify that the proposed business meets the minimum requirements for the type of marijuana license requested.~~

~~(6) Consistent with RCW 69.50.331 (8) (e), the WSLCB will issue a certificate of compliance if the proposed business premises meets the minimum distance requirements as of the date the application was received by the WSLCB. If the physical location changes during the application process, the certificate of compliance will be issued for the date that the premises change was received by the WSLCB. Applicants who were granted licenses prior to adoption of this rule are allowed to operate the business at the location notwithstanding a later occurring, otherwise disqualifying minimum distance factor.~~

~~(7) The WSLCB will conduct an investigation of the applicants' criminal history and administrative violation history, per WAC 314-55-040 and 314-55-045.~~

~~(a) The criminal history background check will consist of completion of a personal/criminal history form provided by the WSLCB and submission of fingerprints to a vendor approved by the WSLCB. The applicant will be responsible for paying all fees required by the vendor for fingerprinting. These fingerprints will be submitted to the Washington state patrol and the Federal Bureau of Investigation for comparison to their criminal records. The applicant will be responsible for paying all fees required by the Washington state patrol and the Federal Bureau of Investigation.~~

~~(b) Financiers will also be subject to criminal history investigations equivalent to that of the license applicant. Financiers will also be responsible for paying all fees required for the criminal history check.~~

~~(8) The WSLCB will conduct a financial investigation in order to verify the source of funds used for the acquisition and startup of the business, the applicants' right to the real and personal property, and to verify the true party(ies) of interest.~~

~~(9) The WSLCB may require a demonstration by the applicant that they are familiar with marijuana laws and rules.~~

~~(10) The WSLCB may conduct an inspection of the proposed or currently licensed business location, to determine if the applicant has complied with all the requirements of the license or change to the license or premises requested.~~

~~(11) Under RCW 69.50.331 (1)(c), all applicants applying for a marijuana license must have resided in the state of Washington for at least six months prior to application for a marijuana license. All business entities including, but not limited to, partnerships, employee cooperatives, associations, nonprofit corporations, corporations and limited liability companies, applying for a marijuana license must be formed in Washington. All members, governors, or agents of business~~

entities must also meet the six month residency requirement. Managers or agents who manage a licensee's place of business must also meet the six month residency requirement.

~~(12)(a) As part of the application process, each applicant must submit an operating plan outlining required elements for the location as provided in this chapter pertaining to the license type being sought. The operating plan must be submitted using an operating plan format supplied by the WSLCB. This operating plan must also include a floor plan or site plan drawn to scale which illustrates the entire operation being proposed.~~

~~(b) After obtaining a license, the license holder must notify the WSLCB in advance of any change in their operating plan. Prior approval is required before the change may be implemented.~~

~~(13) The WSLCB may place licensing change applications made by a licensee on hold if the change application is reasonably related to an ongoing investigation.~~

~~(a) The WSLCB may withdraw licensing change applications pending the results of an adjudicative proceeding regarding a violation of chapter 314-55 WAC. Depending on the outcome of the adjudicative proceeding, the licensee may reapply for the withdrawn licensing change application(s).~~

~~(b) Examples of licensing change applications that may be affected under this subsection include:~~

~~(i) Application for additional funding;~~

~~(ii) Application for added medical marijuana endorsement;~~

~~(iii) Assumption of a license;~~

~~(iv) Change in governing people, percentage owned, or stock/unit ownership;~~

~~(v) Change of location;~~

~~(vi) Expanding plant canopy to maximum allotted;~~

~~(vii) Request to alter marijuana site or operating plan;~~

~~(viii) Request to add a processor license; and~~

~~(ix) Splitting a producer and processor license.~~

~~(14)(a) To aid the WSLCB in monitoring the industry as it develops, the WSLCB requests that all applicants and licensees seeking renewal provide the following information:~~

~~(b) **Employees compensation and benefits data.**~~

~~(i) Will the applicant/licensee provide a living wage (at least one hundred fifty percent of the state minimum wage) to eighty-five percent or more of its hourly employees?~~

~~(ii) Will the applicant/licensee provide health insurance to at least eighty-five percent of its hourly employees?~~

~~(iii) Will the applicant/licensee provide a defined benefit pension plan to at least eighty-five percent of its hourly employees?~~

~~(iv) Will the applicant/licensee provide five or more paid sick days annually to at least eighty-five percent of its hourly employees?~~

~~(v) Is there a signed labor peace agreement or collective bargaining agreement with a labor organization in place?~~

~~(15) Applicants applying for a marijuana license must be current in any tax obligations to the Washington state department of revenue and other state agencies, as an individual or as part of any entity in which they have an ownership interest. Applicants must sign an attestation that, under penalty of denial or loss of licensure, that representation is correct.~~

~~(16) The issuance or approval of a license shall not be construed as a license for, or an approval of, any violations of local rules or~~



~~ordinances including, but not limited to: Building and fire codes, zoning ordinances, and business licensing requirements.~~

~~(17) Upon failure to respond to the WSLCB licensing and regulation division's requests for information and/or documentation within the timeline provided, the application may be administratively closed or denial of the application will be sought.)~~ **Cannabis license qualification criteria and application process.** To be issued a license, all cannabis license applicants must meet the qualifications required by the board. The board will verify that the proposed business meets the minimum requirements for the type of cannabis license requested. The qualifications and application process for a cannabis license include:

(a) **A background check** to evaluate whether the applicant qualifies for a license, consistent with WAC 314-55-040 and 314-55-045.

(i) The background check includes completion of a personal and criminal history form provided by the board. The applicant is responsible for paying all fees required by the Washington state patrol and the Federal Bureau of Investigation.

(ii) Financiers are subject to background checks equivalent to that of a license applicant. Financiers are responsible for paying all fees required by the Washington state patrol and the Federal Bureau of Investigation.

(b) **Inquiry** to verify the source of funds used to acquire an existing business and start the business, the applicant's right to the real and personal property, and to verify the true party or parties of interest.

(c) **An inspection** of the proposed or currently licensed business location to determine if the applicant has met all of the requirements of the license or proposed changes to the licensed premises.

(d) **A residency check to confirm Washington state residency.** Under RCW 69.50.331 (1)(b), all applicants applying for a cannabis license must have resided in the state of Washington for at least six months prior to applying for a cannabis license.

(i) All business entities including, but not limited to, partnerships, employee cooperatives, associations, nonprofit corporations, corporations and limited liability companies applying for a cannabis license must be formed in Washington state.

(ii) All members, governors, or agents of business entities must also meet the six-month residency requirement. Managers or agents who manage a licensee's place of business must also meet the six-month residency requirement.

(e) **Applicants must be current in any tax obligations** to the Washington state department of revenue and other state agencies, as an individual or as part of any entity in which they have an ownership interest. Applicants must sign an attestation that, under penalty of denial or loss of licensure, statements concerning the status of tax obligations are true and correct.

(f) **Operating plan.** Each cannabis license applicant must submit an operating plan outlining required elements for the location as provided in this chapter pertaining to the type of license being sought. The operating plan must be submitted using an operating plan template supplied by the board. The operating plan must also include a floor plan or site plan drawn to scale that illustrates the entire operation being proposed.

After obtaining a license, the license holder must notify the board's licensing and regulation division and receive prior approval before making any changes in their operating plan, floor plan, or both.

(g) If an applicant does not respond to the board's licensing and regulation division requests for information, documentation, or both within the timelines provided, the application may be administratively withdrawn, closed or denied.

(2) **Certificate of compliance.** Consistent with RCW 69.50.331 (8)(e), the board will issue a certificate of compliance if the proposed business premises meets the minimum distance requirements as of the date the application was received by the board. If the physical location changes during the application process, the certificate of compliance will be issued for the date that the premises change was received by the board. Applicants who were granted licenses prior to adoption of this rule may operate their business at the location notwithstanding a later occurring, otherwise qualifying minimum distance factor.

(3) **Notice of cannabis license application.** Consistent with RCW 69.50.331 the board will send a notice to cities and counties, tribal governments, and port authorities regarding the cannabis license application within the jurisdiction. The local authority, tribal government, or port authority has 20 days to respond with a recommendation to approve the application or an objection to the applicant, location, or both.

(4) **Notice of cannabis license application to tribal governments.** Consistent with RCW 69.50.331, the board will send a notice to tribal governments when an applicant or licensee proposes to be located within the exterior boundaries of the reservation of a federally recognized Indian tribe. The tribal government has 20 days to respond with an approval to the application. If written approval is not received within 30 days, the board assumes the tribe does not consent to the applicant's location and the applicant must find a new location.

(5) **Displaying notice of new cannabis license application or application for change of location of an existing licensed business.** Applicants for a new cannabis producer, processor, retailer, transportation, or research license or those who apply to change their location must display a notice provided by the board on the outside of the premises to be licensed notifying the public that the premises are subject to an application for a cannabis license. The notice must be posted within seven days of submitting the location confirmation form for new licenses or the change of location application for existing licensees. The board may check for compliance with this requirement at its discretion. The notice must:

(a) Not be changed. The licensee must post the notice sent by the board without changing the text in any way;

(b) Be noticeably displayed on, or immediately next to, the premises subject to the application and in the location that is most likely to be seen by the public;

(c) Be of a size that can be readily seen by the public. At a minimum these notices must be 8 1/2 x 11 inches;

(d) Be posted within seven business days of the date the notice is sent to the applicant by the board; and

(e) The notice must be posted for 14 consecutive days.

(6) **Application holds and withdrawals.** The board may place licensing change applications made by a licensee on hold if the change application is reasonably related to an ongoing investigation.

(a) The board may withdraw licensing change applications pending the results of an adjudicative proceeding regarding a violation of this chapter. Depending on the outcome of the adjudicative proceeding,

the licensee may reapply for the withdrawn licensing change application(s).

(b) Examples of licensing change applications that may be affected under this subsection include:

(i) Application for additional funding;

(ii) Application to add a medical cannabis endorsement;

(iii) Assumption of a license;

(iv) Change in governing people, percentage owned, or stock/unit ownership;

(v) Change of location;

(vi) Expanding plant canopy to maximum allotted;

(vii) Request to change cannabis site or operating plan;

(viii) Request to add a processor license; or

(ix) Splitting a producer or processor license.

(7) **Industry tracking.**

(a) To help the board track employment and personnel trends of the industry as it continues to develop, the board requests that applicants seeking new licensure and licensees seeking license renewal provide the following information:

(b) Employee compensation and benefit data:

(i) Whether the applicant/licensee provide a living wage (at least 150 percent of the state minimum wage) to 85 percent or more of its hourly employees;

(ii) Whether the applicant/licensee will provide health insurance to at least 85 percent of its hourly employees;

(iii) Whether the applicant/licensee will provide a defined benefit pension plan to at least 85 percent of its employees;

(iv) Whether the applicant/licensee will provide five or more paid sick days annually to at least 85 percent of its employees;

(v) Whether there is a signed labor peace agreement or collective bargaining agreement with a labor organization in place.

(8) The issuance or approval of a license is not a license for, or an approval of, any violation of local rules or ordinances including, but not limited to: Building and fire codes, zoning ordinances, and business licensing requirements.

(9) **Social equity applicant.** A person qualifying for the social equity in cannabis program under WAC 314-55-570 may apply for a cannabis license consistent with the provisions of this chapter.

AMENDATORY SECTION (Amending WSR 21-18-125, filed 9/1/21, effective 10/2/21)

**WAC 314-55-040 Cannabis applicant or licensee background checks.**

(1) The board conducts a background check of a new applicant or for license renewals to evaluate whether the applicant or licensee qualifies or requalifies for a license. The background check includes a criminal record check through the Washington state patrol and the Federal Bureau of Investigations database.

(2) **Review and evaluation of information produced by background checks.** The board will review the information produced by background checks to determine whether the applicant or licensee qualifies for a new or renewed license. Information from the background check may not preclude approval, but will be considered in determining the applicant's eligibility for licensure.

(3) The board will conduct a threshold review for the following types of convictions:

Conviction Type	Conviction Class	Time Consideration	Determination
Felonies	Class A and B convictions	10 years	Threshold review if 1 or more
	Class C convictions	7 years	Threshold review if 2 or more
Misdemeanors	Gross misdemeanors and misdemeanors	3 years	Threshold review if 3 or more

(a) Active state supervision and active federal supervision resulting in determination of threshold review.

(b) The board will conduct a threshold review of any license applicant or license renewal if the background check indicates that the applicant or renewing licensee is under active state supervision, active federal supervision, or both.

(4) **Pending criminal charge review and evaluation.** The board will review and evaluate the applicant or renewing licensee's pending criminal charges. Review and evaluation criteria include, but are not limited to:

(a) A determination of whether the convictions of pending charge(s) alone or compiled would put an individual over the conviction allowance above.

(b) The application may be placed on hold for ~~((ninety))~~ 90 days and if there is no disposition within ~~((ninety))~~ 90 days, the application will be withdrawn.

(5) **Threshold review evaluation criteria.** When a background check results in a determination for a threshold review, the board will consider the following criteria:

(a) Time since the conviction, or pending offenses;

(b) Nature and specific circumstances of the offense;

(c) Relationship of the offense or incident to the nature of the work performed;

(d) Number of offenses or incidents;

(e) If criminal, any relevant evidence of rehabilitation, such as information about compliance with conditions of parole or probation, including orders of no contact with victims and witnesses, and the individuals conduct and experience since the time of the offense; and

(f) Any other relevant information, including information submitted by the applicant or licensee, or requested by the board.

(6) **Continued reporting.** Cannabis licensees must report any criminal convictions to the board within ~~((thirty))~~ 30 days. New convictions will be considered upon receipt or at the time of renewal.

AMENDATORY SECTION (Amending WSR 16-11-110, filed 5/18/16, effective 6/18/16)

**WAC 314-55-045** ~~((What marijuana law or rule violation history might prevent an applicant from receiving a marijuana license?))~~ Cannabis license applicant administrative violation review. (1) The ~~((WSLCB))~~ board will ~~((conduct an investigation of all applicants' marijuana law or rule administrative violation history. The WSLCB will not normally issue a marijuana license to))~~ determine if a cannabis license applicant has been issued any administrative violations under this chapter.

(2) The presence of administrative violation history will not result in automatic application denial, but will be considered in determining the applicant's eligibility for licensure. The board will not normally issue a cannabis license to a person, or ~~((to))~~ an entity with a true party of interest violation, ~~((who has))~~ or a person with the following violation history ~~((; or to any person who has demonstrated a pattern of disregard for laws or rules.))~~ within the following periods of consideration:

<u><del>((Violation Type</del></u> <u><del>(see WAC 314-55-515)</del></u>	<u><del>Period of Consideration</del></u>
<u><del>• Three or more public safety violations;</del></u>	<u><del>• Violations issued within three years of the date the application is received by the board's licensing and regulation division.</del></u>
<u><del>• Four or more regulatory violations;</del></u> <u><del>or</del></u>	
<u><del>• One to four, or more license violations.</del></u>	<u><del>• Violations issued within the last three years the true party(ies) of interest were licensed.))</del></u>

<u><del>Violation Type</del></u> <u><del>(See WAC 314-55-509)</del></u>	<u><del>Period of Consideration</del></u>
<u><del>Three or more Category II violations (WAC 314-55-521) or Category III violations (WAC 314-55-522)</del></u>	<u><del>Violations issued within two years of the date the application is received by the board's licensing and regulation division.</del></u>
<u><del>Four or more Category IV violations (WAC 314-55-523)</del></u>	
<u><del>One to four or more Category V violations (WAC 314-55-524) or Category VI violations (WAC 314-55-525)</del></u>	

AMENDATORY SECTION (Amending WSR 18-22-055, filed 10/31/18, effective 12/1/18)

**WAC 314-55-050** ~~((Reasons the WSLCB may seek))~~ Withdrawal, denial, suspension, or cancellation of a ~~((marijuana))~~ cannabis license application or license. ~~((Following is a list of reasons the WSLCB may))~~ (1) The board has the discretion to withdraw, deny, suspend, or cancel a ~~((marijuana))~~ cannabis license application or license ~~((Per))~~ consistent with RCW 69.50.331, ~~((the WSLCB has broad discretionary authority to approve or deny a marijuana license application))~~ for reasons including, but not limited to, the following:

~~((1) Failure to meet qualifications or requirements))~~ (a) Not meeting the initial or ongoing qualifications, requirements, or both

for ~~((the))~~ a specific ~~((marijuana))~~ cannabis license, as outlined in this chapter and chapter 69.50 RCW ~~((-~~

~~(2) Failure or refusal to submit))~~;

~~(b) Not submitting~~ information or documentation requested by the ~~((WSLCB))~~ board during the application evaluation process ~~((-~~

~~(3) The applicant makes a misrepresentation of))~~;

~~(c) Misrepresenting~~ fact, or ~~((fails to disclose))~~ not disclosing a material fact to the ~~((WSLCB))~~ board during the application process or any ~~((subsequent investigation))~~ review or follow-up review that may occur after a license has been issued ~~((-~~

~~(4) Failure to meet the criminal history))~~;

~~(d) Not meeting the background check~~ standards outlined in WAC 314-55-040 ~~((-~~

~~(5) Failure to meet the marijuana))~~;

~~(e) Not meeting the cannabis law or rule violation history stand-~~ards outlined in WAC 314-55-045 ~~((-~~

~~(6) The source of funds identified by the applicant to be used))~~;

~~(f) Using funds that cannot be verified~~ for the acquisition, startup and operation of the business ~~((is questionable, unverifiable)), or ((determined by the WSLCB to be gained in a manner which is in violation by))~~ obtained in a way that violates the law ~~((-~~

~~(7) Denies the WSLCB))~~;

~~(g) Not allowing the board~~ or its authorized representative access to any place where a licensed activity takes place ~~((or fails to produce))~~;

~~(h) Not producing any book, record or document required by law or~~ ~~((WSLCB))~~ board rule ~~((-~~

~~(8) Has been denied or))~~;

~~(i) The applicant or licensee has~~ had a ~~((marijuana))~~ cannabis license or medical ~~((marijuana))~~ cannabis license denied, suspended, or canceled in another state or local jurisdiction ~~((-~~

~~(9) Where))~~;

~~(j) The city, county, tribal government, or port authority has~~ submitted a substantiated objection ~~((per the requirements in))~~ to the application or against the premises for which the new or renewed license is requested, as described in RCW 69.50.331 (7) and (10).

~~((+10))~~ ~~(k) The applicant or licensee has not paid taxes or fees~~ required under chapter 69.50 RCW or did not provide production, processing, inventory, sales and transportation reports or documentation required under this chapter.

~~(l) The applicant or licensee did not submit an attestation that~~ they are current in any tax obligations to the Washington state department of revenue.

~~(m) The applicant or licensee has been denied a liquor or cannabis~~ license or had a liquor license or cannabis license suspended or revoked in this or any other state.

~~(n) The operating plan submitted with the application does not~~ demonstrate that the applicant meets the criteria for licensure.

~~(o) The applicant or licensee does not operate their business~~ consistent with the operating plan approved by the board.

~~(p) The board determines the issuance of the license will not be~~ in the best interest of the welfare, health, or safety of the people of the state.

~~(2) Except as provided in subsection~~ ~~((+11))~~ ~~(3) of this section,~~ the ~~((WSLCB shall))~~ board will not issue a new ~~((marijuana))~~ cannabis license if the proposed licensed business is within ~~((one thousand))~~ 1,000 feet of the perimeter of the grounds of any of the

~~((following entities))~~ facilities listed in (a) through (h) of this subsection. The distance ~~((shall))~~ will be measured as the shortest straight line distance from the property line of the proposed ~~((building/business))~~ building or business location to the property line of the entities listed below:

- (a) Elementary or secondary school;
- (b) Playground;
- (c) Recreation center or facility;
- (d) Child care center;
- (e) Public park;
- (f) Public transit center;
- (g) Library; or
- (h) Any game arcade (where admission is not restricted to persons age ~~((twenty-one))~~ 21 or older).

~~((11))~~ (3) (a) A city or county may, by local ordinance, permit ~~((the licensing of marijuana))~~ cannabis businesses licensing within ~~((one thousand))~~ 1,000 feet but not less than ~~((one hundred))~~ 100 feet of the facilities listed in subsection ~~((10))~~ (2) of this section except elementary and secondary schools, and playgrounds.

(b) If ~~((a licensee))~~ an applicant applies for a ~~((marijuana))~~ cannabis license at a location less than ~~((one thousand))~~ 1,000 feet of a recreation center or facility, child care center, public park, public transit center, library, or game arcade, the ~~((licensee))~~ applicant must provide the WSLCB with a copy of the local ordinance that describes the distance required by the city or county where the facility will be located.

~~((12) Has failed to pay taxes or fees required under chapter 69.50 RCW or failed to provide production, processing, inventory, sales and transportation reports to documentation required under this chapter.~~

~~(13) Failure to submit an attestation that they are current in any tax obligations to the Washington state department of revenue.~~

~~(14) Has been denied a liquor or marijuana license or had a liquor license or marijuana license suspended or revoked in this or any other state.~~

~~(15) The operating plan does not demonstrate, to the satisfaction of the WSLCB, the applicant is qualified for a license.~~

~~(16) Failure to operate in accordance with the WSLCB approved operating plan.~~

~~(17) The WSLCB determines the issuance of the license will not be in the best interest of the welfare, health, or safety of the people of the state.)~~

AMENDATORY SECTION (Amending WSR 18-12-046, filed 5/30/18, effective 6/30/18)

**WAC 314-55-055 ((Marijuana)) Cannabis retailer license forfeiture.** (1)(a) A ~~((marijuana))~~ cannabis retailer's license is subject to forfeiture if the retailer is not fully operational and open to the public after ~~((twelve))~~ 12 months of issuance of the license ~~((or November 1, 2018, whichever is later))~~. No ~~((marijuana))~~ cannabis retailer's license is subject to forfeiture within the first nine months of issuance.

(b) Fully operational means the business meets the following criteria for at least ~~((twelve))~~ 12 consecutive weeks within a ~~((twelve-month))~~ 12-month period after issuance of the license ~~((before or after the effective date of this section))~~:

(i) The business is open to the public for a minimum of five hours a day between the hours of 8:00 a.m. and 12:00 midnight, three days a week;

(ii) The business posts ~~((business))~~ hours of operation outside of the premise in the public view; and

(iii) The business reports monthly sales from the sale of ~~((marijuana))~~ cannabis products and pays applicable taxes.

(2) ~~((a))~~ A ~~((marijuana))~~ cannabis retailer's license will not be subject to forfeiture if the licensee ~~((has been incapable of opening))~~ is not able to open a fully operational retail ~~((marijuana))~~ cannabis business ~~((due to))~~ based on actions by the city, town, or county with jurisdiction over the licensed business ~~((to include))~~ including:

~~((i))~~ (a) The adoption of a ban or moratorium that prohibits the ~~((opening of a))~~ retail ~~((marijuana))~~ cannabis business from opening; or

~~((ii))~~ (b) The adoption of an ordinance or regulation related to zoning, business licensing, land use, or other regulatory measure that has the effect of preventing a licensee from receiving an occupancy permit from the jurisdiction or which otherwise prevents a licensed ~~((marijuana))~~ cannabis retailer from becoming operational.

~~((b))~~ (3) Exceptions to license forfeiture.

(a) The board has the sole discretion to grant exceptions to the license forfeiture process if a ~~((marijuana))~~ cannabis retailer licensee ~~((has had))~~ experiences circumstances ~~((occur))~~ that are out of their control such as a natural disaster.

~~((c) Adequate)~~ (b) Sufficient documentation ~~((will be))~~ is required to verify any of the exceptions to license forfeiture in this section. ~~((It is the licensee's responsibility to))~~ Licensees must inform the ~~((WSLCB))~~ board if conditions change, such as an adjustment to zoning requirements, changes to a ban or moratorium, or other circumstances that would allow the licensee to operate.

(c) If the underlying condition exempting a ~~((marijuana))~~ cannabis retail license from forfeiture under subsection (2) ~~((a))~~ of this section or ~~((b))~~ (a) of this ~~((section))~~ subsection is removed, then the ~~((twelve-month))~~ 12-month time frame to become fully operational and open to the public requirement under subsection (1) of this section will begin from the time the condition exempting the retail license from forfeiture is removed.

~~((3))~~ (4) A ~~((retailer that))~~ cannabis retail licensee who receives a notice of license forfeiture under this section from the WSLCB may request an administrative hearing under chapter 34.05 RCW. A request for a hearing must be made in writing and received by the WSLCB no later than ~~((twenty))~~ 20 days after service of the notice. Requests submitted in paper form may be delivered to the WSLCB in person during normal business hours at ~~((3000 Pacific))~~ 1025 Union Avenue S.E., Olympia, WA ~~((98501))~~ 98504, or mailed to the WSLCB. Mailed appeal requests must be addressed to: WSLCB, ATTN: Adjudicative Proceedings Coordinator, P.O. Box 43076, Olympia, WA 98504-3076 or, for certified mail, WSLCB, ATTN: Adjudicative Proceedings Coordinator, ~~((3000 Pacific))~~ 1025 Union Avenue S.E., Olympia, WA ~~((98501))~~ 98504.



AMENDATORY SECTION (Amending WSR 16-11-110, filed 5/18/16, effective 6/18/16)

**WAC 314-55-070** (~~(Process if the WSLCB denies a marijuana)~~) **Cannabis license application denial.** If the ((WSLCB)) board denies a ((marijuana)) cannabis license application, ((the)) an applicant or applicants may:

(1) Request an administrative hearing ((per)) consistent with chapter 34.05 RCW, the Administrative Procedure Act.

(2) Reapply for the license ((no sooner)) not earlier than one year from the date ((on)) of the final order of denial.

AMENDATORY SECTION (Amending WSR 21-15-124, filed 7/21/21, effective 8/21/21)

**WAC 314-55-079** (~~(Marijuana)~~) **Cannabis retailer license—Privileges, requirements, and fees.** (1) A ((marijuana)) cannabis retailer license allows the licensee to sell only useable marijuana, ((marijuana)) cannabis concentrates, ((marijuana-infused)) cannabis-infused products, ((marijuana)) cannabis paraphernalia, and lockable boxes to store ((marijuana)) cannabis at retail in licensed retail outlets to persons ((twenty-one)) 21 years of age and older, except as allowed for persons under ((twenty-one)) 21 years of age consistent with RCW 69.50.357 and WAC 314-55-080.

(2) The ((WSLCB)) board may accept applications for ((marijuana)) cannabis retail licenses at time frames published on its website at [www.lcb.wa.gov](http://www.lcb.wa.gov). Using estimated consumption data and population data obtained from the office of financial management (OFM) population data, the ((WSLCB)) board will determine the maximum number of ((marijuana)) cannabis retail locations per county.

(a) The number of retail locations will be determined using a method that distributes the number of locations proportionate to the most populous cities within each county and to accommodate the medical needs of qualifying patients and designated providers. Locations not assigned to a specific city will be at large. At large locations can be used for unincorporated areas in the county or in cities within the county that have no retail licenses designated.

Consistent with WAC 314-55-570 (4)(d), social equity licenses that are currently designated to specific cities may be located anywhere within the county in which the city is located. A license may not be transferred outside of that county.

(b) The number of retail licenses determined by the board can be found on the ((WSLCB)) board website at [www.lcb.wa.gov](http://www.lcb.wa.gov).

(3) Any entity and/or principals within any entity are limited to no more than five retail ((marijuana)) cannabis licenses.

**(4) Application and license fees.**

(a) The application fee for a ((marijuana)) cannabis retailer's license is ((two hundred fifty dollars)) \$250 consistent with RCW 69.50.325 (3)(a). The applicant is responsible for fees required by the approved vendor for fingerprint evaluation.

(b) The annual fee for issuance and renewal of a ((marijuana)) cannabis retailer license is ((one thousand three hundred eighty-one

dollars)) \$1,381 consistent with RCW 69.50.325 (3) (a). The ((WSLCB)) board will conduct random ((~~eriminal history~~)) background checks at the time of renewal that will require the licensee to submit fingerprints for evaluation from the approved vendor. The licensee is responsible for all fees required for the ((~~eriminal history~~)) background checks.

(5) Internet sales and delivery of product to customers ((are)) is prohibited.

(6) Sales of ((~~marijuana-infused~~)) cannabis-infused products not permissible under WAC 314-55-077 are prohibited.

(7) ((~~Marijuana~~)) Cannabis retailers may not sell ((~~marijuana~~)) cannabis products below the current acquisition cost.

(8) All ((~~marijuana~~)) cannabis products must be stored behind a counter or other barrier to ensure a customer does not have direct access to the product.

(9) A ((~~marijuana~~)) cannabis retailer may not sell lockable boxes for less than the cost of acquisition or sell boxes received as a donation. The donation of lockable boxes must come from a person or entity that is not a licensed ((~~marijuana~~)) cannabis producer, processor, or retailer.

(10) ((~~Marijuana~~)) Cannabis retailer licensees are allowed to have a maximum of four months of their average inventory on their licensed premises at any given time.

(11) A ((~~marijuana~~)) cannabis retailer may transport product to other locations operated by the licensee or to return product to a ((~~marijuana~~)) cannabis processor as outlined in WAC 314-55-085.

(12) A ((~~marijuana~~)) cannabis retailer may accept returns of open ((~~marijuana~~)) cannabis products. Products must be returned in their original packaging with the lot, batch, or inventory ID number fully legible.

(13) A ((~~marijuana~~)) cannabis retailer may dispose of ((~~marijuana~~)) cannabis products as provided in WAC 314-55-097.

(14) The board may take disciplinary action against any ((~~marijuana~~)) cannabis retailer that fails to comply with the provisions of WAC 246-80-021.

AMENDATORY SECTION (Amending WSR 18-22-055, filed 10/31/18, effective 12/1/18)

**WAC 314-55-082 Insurance requirements.** ((~~Marijuana~~)) Cannabis licensees must obtain insurance coverage ((~~as set out in this section. The intent of the required~~)). Insurance is required to protect the consumer ((~~should there be~~)) if any claims, suits, actions, costs, damages or expenses ((~~arising~~)) arise from any negligent or intentional act or omission of the ((~~marijuana~~)) cannabis licensees. ((~~Marijuana~~)) Cannabis licensees ((~~shall furnish evidence in the form of~~)) will provide the board with a certificate of insurance ((~~satisfactory to the WSLCB that insurance, in~~)) demonstrating that the following ((~~kinds and minimum amounts, has been secured. Failure to provide proof of insurance, as required, may result in license cancellation.~~)) types and minimum amounts of insurance have been obtained:

(1) Commercial general liability insurance: The licensee ((~~shall at all times~~)) must carry and maintain commercial general liability insurance or commercial umbrella insurance for bodily injury and prop-

erty damage arising out of licensed activities at all times. The limits of liability insurance (~~(shall)~~) will not be less than (~~(one million dollars)~~) \$1,000,000. Upon board request, a licensee must provide proof of insurance.

(a) This insurance (~~(shall)~~) must cover such claims as may be caused by any act, omission, or negligence of the licensee or its officers, agents, representatives, assigns, or servants.

(b) The insurance (~~(shall)~~) must also cover bodily injury, including disease, illness and death, and property damage arising out of the licensee's premises/operations, products, and personal injury.

(2) Insurance carrier rating: The insurance required in subsection (1) of this section (~~(shall)~~) must be issued by an insurance company authorized to do business within the state of Washington. Insurance is to be placed with a carrier that has a rating of A - Class VII or better in the most recently published edition of *Best's Reports*. If an insurer is not admitted, all insurance policies and procedures for issuing the insurance policies must comply with chapters 48.15 RCW and 284-15 WAC.

(3) Additional insured. The state and its employees, agents, and volunteers shall be named as an additional insured on insurance policies required under this section. All policies shall be primary over any other valid and collectable insurance.

(4) Failure to maintain or provide proof of insurance as required may result in license cancellation.

AMENDATORY SECTION (Amending WSR 16-11-110, filed 5/18/16, effective 6/18/16)

**WAC 314-55-110** (~~(What are my responsibilities as a marijuana licensee?)~~) Licensee responsibilities. (1) ((~~Marijuana~~)) Cannabis licensees are responsible for the operation of their licensed business in compliance with the ((~~marijuana~~)) cannabis laws and rules of the ((~~WSLCB~~)) board, chapters 69.50 and 69.51A RCW, 314-55 WAC, and any other applicable state laws and rules.

(2) The penalties for violations of ((~~marijuana~~)) cannabis laws or rules are in WAC ((~~314-55-515~~)) 314-55-509 through ((~~314-55-535~~)) 314-55-525, as now or hereafter amended. The rules also outline aggravating and mitigating circumstances that may affect what penalty is applied if a licensee or employee ((~~violates a marijuana~~)) does not comply with a cannabis law or rule.

(3) Licensees and their employees must conduct the business and maintain the licensed premises, surrounding area, and vehicles transporting product, in compliance with the following laws, as they now exist or may later be amended:

(a) Titles 9 and 9A RCW, the criminal code;

(b) Title 66 RCW, the liquor laws;

(c) Chapters 70.155, 70.345, 82.24, and 82.26 RCW and RCW 26.28.080, the tobacco laws;

(d) Chapter 69.50 RCW, the uniform controlled substances laws; and

(e) Chapter 69.51A RCW, the medical ((~~marijuana~~)) cannabis laws.

(4) Licensees ((~~have the responsibility to~~)) must control their conduct and the conduct of employees, customers, and visitors on the

licensed premises at all times. Except as otherwise provided by law, licensees or employees may not:

(a) Be disorderly or apparently intoxicated by liquor, marijuana, or controlled substances on the licensed premises;

(b) Permit any disorderly person to remain on the licensed premises;

(c) Engage in or allow behavior on the licensed premises (~~that provokes conduct which presents~~) that is a threat to public safety;

(d) Engage, or permit any employee or other person to engage in, conduct on the licensed premises which is prohibited by any portion of Title 9, 9A, or 66 RCW, or chapters 69.50 and 69.51A RCW;

(e) Engage in or permit any employee or other person to engage in the consumption of any type of (~~marijuana, usable marijuana, marijuana~~) cannabis, usable cannabis, cannabis concentrate, or (~~marijuana-infused~~) cannabis-infused product on the licensed premises.

AMENDATORY SECTION (Amending WSR 18-22-055, filed 10/31/18, effective 12/1/18)

**WAC 314-55-120 Ownership changes.** (1) Licensees must receive prior board approval before making any of the following ownership changes (see WAC 314-55-035 for the definition of "true party of interest"):

<b>Type of change</b>	<b>Type of application</b>	<b>Fee</b>
Change in the true parties of interest or owners in a: Sole proprietorship, general partnership, limited partnership, or limited liability partnership.	New application.	Application fee and annual fee for current license privilege.
Change in the true parties of interest or owners for a publicly or privately held corporation. The board will waive the fee for a corporate change when the proposed change consists solely of dropping an approved officer.	Application for change in corporate officer and/or stockholder.	\$75
Change in the true parties of interest or owners in a limited liability company.	Application for change of limited liability company member and/or manager.	\$75
Accepting additional funds from a new or previously approved financier.	Added financier.	\$75

(2) Licensees must notify the ((WSLCB)) board if there are any changes to marital status of any true party of interest in the license.

(3) The ((WSLCB)) board may inquire into all matters in connection with any ((such)) sale of stock/units or proposed change in officers/members.

(4) If the ((WSLCB)) board receives an application to change the ownership structure of a licensee, the application will be withdrawn unless one or more of the following is submitted:

(a) Proof that the party being removed was notified that they were being removed and they did not object within ((ninety)) 90 days;

(b) Signed documentation from the true party of interest being removed for the licensed entity that they agree with the removal; or

(c) A final court document removing them.

AMENDATORY SECTION (Amending WSR 18-22-055, filed 10/31/18, effective 12/1/18)

**WAC 314-55-125 Change of location.** (1) Changing a ((marijuana)) cannabis license to a new location requires a change request application to the ((WSLCB, per the process outlined)) board and initiated through business licensing services, as described in WAC 314-55-020. ((WSLCB)) Board approval for change request applications must be obtained prior to any change of location of the licensed business.

(2) A change of location occurs any time a move by the licensee results in any change to the physical location address.

AMENDATORY SECTION (Amending WSR 18-22-055, filed 10/31/18, effective 12/1/18)

**WAC 314-55-137 Receiverships. (1) Service and notice.**

(a) Any person who files any receivership or trustee action involving any ((marijuana)) cannabis licensee must serve ((WSLCB)) the board with original notice of the action. Service is accomplished by delivery of the original notice of action to ((WSLCB)) the board through one of the following methods:

(i) Delivery to the board at ((3000 Pacific)) 1025 Union Avenue S.E., Olympia, WA ((985017)) 98504; or

(ii) Mailed to the ((WSLCB)) board. Mailed notice must be addressed to: WSLCB, ATTN: Licensing - Receiverships, P.O. Box 43076, Olympia, WA 98504-3076 or, for certified mail, WSLCB, ATTN: Licensing - Receiverships, ((3000 Pacific)) 1025 Union Avenue S.E., Olympia, WA ((98501)) 98504; or

(iii) Electronic delivery to the board at [licensingap-peals@lcb.wa.gov](mailto:licensingap-peals@lcb.wa.gov).

(b) The board will find a licensee compliant with this section only if ((WSLCB)) it receives original notice of the action and the receiver is selected ((in accordance with WSLCB's requirements will WSLCB treat the licensee as compliant with this section)) consistent with board requirements.

(2) **The role of a receiver when a licensee is placed in receivership.** If a ((marijuana)) cannabis licensee is placed under receivership, the receiver:

(a) Upon compliance with the requirements ((set forth below)) listed in this section, the receiver may operate the licensee's business during the receivership period;

(b) The receiver assumes all licensee reporting responsibilities under this chapter including, but not limited to, full responsibility for maintaining records and entries into the traceability system maintained by the ((WSLCB)) board; and

(c) The receiver is required to comply with all applicable laws under chapter 69.50 RCW and rules in this chapter including, but not limited to, the responsibilities of ((marijuana)) cannabis licensees set forth in WAC 314-55-110.

(d) Failure to abide by the requirements set forth in chapter 69.50 RCW and this chapter as specified in this subsection may result in enforcement action against the license under chapter 69.50 RCW and rules under this chapter and may result in the receiver being disqualified to act as a receiver by the ((WSLCB)) board.

(3) **Who may serve as a receiver.** Any person who meets the requirements of chapter 7.60 RCW and the following additional requirements may serve as a receiver for a cannabis business:

(a) Is currently in ((active status)) good standing on the preapproved receiver list maintained by the ((WSLCB)) board; or

(b) Is approved by the ((WSLCB)) board under the requirements in subsection (5) of this section to serve as a receiver of a ((marijuana)) cannabis licensee.

(4) **Qualifying for the ((WSLCB's)) board's preapproved receiver list.**

(a) The following requirements must be met to qualify for the ((WSLCB's)) board's preapproved receiver list:

(i) Submit a complete receiver application with the ((WSLCB)) board;

(ii) Be a Washington state resident for at least six months prior to the application for preapproval as a receiver and maintain residency throughout the term of the receivership;

(iii) Submit to and pass a criminal background check;

(iv) Provide any financial disclosures requested by the ((WSLCB)) board; and

(v) Disclose any interests the person has in any ((marijuana)) cannabis licensee(s).

(b) Review and qualification requirements in this subsection only apply to persons or entities actively participating in the management of the receivership and do not apply to spouses of those persons or persons involved in a business entity or fellow members of a business entity that are not actively involved in the management of the receivership.

(c) A receiver placed on the preapproved receiver list maintained by the ((WSLCB)) board must annually update all information and disclosures required under this subsection to remain eligible to act as a receiver and be on the preapproved receiver list. Annual updates must be made one calendar year after the date the receiver is approved.

(5) **Appointing a receiver who is not preapproved by the WSLCB.**

(a) Within two days of filing of any action to appoint a receiver, a proposed receiver must:

(i) Submit a complete application with the ((WSLCB)) board to serve as receiver for the licensee;

(ii) Be a Washington resident for six months prior to appointment as a receiver and maintain residency throughout the term of the receivership;

(iii) Submit to and pass a criminal background check;

(iv) Provide any financial disclosures requested by the WSLCB; and

(v) Disclose any interest the proposed receiver has in any ((~~marijuana~~) cannabis licensee(s)).

(b) Review and qualification requirements in this subsection only apply to persons or entities actively participating in the management of the receivership and do not apply to spouses of those persons or persons involved in a business entity or fellow members of a business entity that are not actively involved in the management of the receivership.

(c) If the proposed receiver is denied approval by ((~~WSLCB~~) the board) at any time, a substitute receiver may be proposed for ((~~WSLCB~~) board) approval. The substitute receiver must provide all information required by this subsection.

(d) If the proposed receiver is not approved by ((~~WSLCB~~) the board) at the time the receiver is appointed by the court, the receiver will not be considered compliant with this section, and may be subject to penalty under chapter 69.50 RCW, or as provided in this chapter and may result in the receiver being disqualified to act as a receiver by the ((~~WSLCB~~) board).

**(6) Limitations on a person's ability to serve as a receiver.**

(a) As operators and controllers of licensed ((~~marijuana~~) cannabis) establishments, receivers are subject to the same limits as licensees or any other person. Those limits include, but are not limited to:

(i) No person serving as a receiver of a licensed ((~~marijuana~~) cannabis) producer or licensed ((~~marijuana~~) cannabis) processor shall have a financial interest in, or simultaneously serve as a receiver for, a licensed ((~~marijuana~~) cannabis) retailer; and

(ii) No person shall serve as a receiver for, or be a true party of interest in, more than five ((~~marijuana~~) cannabis) retail licensees or more than three ((~~marijuana~~) cannabis) producer, processor, or producer/processor licensees at the same time.

(b) If the ((~~WSLCB~~) board) determines that a receiver is violating or has violated the restrictions in this subsection, the receiver may be disqualified to act as a receiver by the ((~~WSLCB~~) board).

NEW SECTION

**WAC 314-55-570 Social equity in cannabis program. (1) Definitions.**

(a) **"Disproportionately impacted area"** means a census tract within Washington state where community members were more likely to be impacted by the war on drugs. These areas are determined using a standardized statistical equation to identify areas of high unemployment, low income, and demographic indicators consistent with populations most impacted by the war on drugs, including areas with higher rates of arrest for drug charges. The board will provide maps to identify disproportionately impacted areas. The maps will reflect census tracts from different time periods to account for gentrification.

(b) **"Double blind lottery"** means a selection process conducted by an independent third party to determine the order in which applications will be processed in the event of a tie.

(c) **"Family member"** means:

(i) A biological, adopted, or foster child, a stepchild, a child's spouse, or a child to whom the applicant stands in loco parentis (in place of the parent), is a legal guardian, or is a de facto parent, regardless of age or dependency status;

(ii) Grandchild, grandparent, parent, sibling, or spouse;

(iii) Any individual who regularly resides in the applicant's home or where the relationship creates an expectation that the applicant care for the person and that individual depends on the applicant for care.

(d) **"Median household income"** means the most recent median household income within the state of Washington as calculated by the United States Census Bureau.

(e) **"Person"** means a real human being, distinguished from a corporation, company, or other business entity.

(f) **"Preliminary letter of approval"** means an approval letter issued to a social equity program applicant for purposes of securing a grant from the department of commerce and a location and other necessities to complete the licensing process.

(g) **"Social equity applicant"** means an applicant who meets the requirements for a social equity license.

(h) **"Social equity contractor"** means a third party responsible to review and score social equity applications and recommend social equity applicants.

(i) **"Social equity licensee"** means a person who meets the qualifications for licensure as described in this chapter.

(j) **"Social equity plan"** means a plan that addresses the following elements including, but not limited to:

(i) A description of how issuing a cannabis retail license to the social equity applicant will meet social equity goals;

(ii) The social equity applicant's personal or family history with the criminal justice system, including any offenses involving cannabis; and

(iii) Business plans involving partnerships or assistance to organizations or residents with connections or contributions to populations with a history of high rates of enforcement of cannabis prohibition.

**(2) Social equity applicant requirements.**



(a) To be considered for the social equity program under this chapter and RCW 69.50.335, the following requirements must be met by each applicant:

(b) At least a 51 percent majority, or controlling interest, in the applicant, must be held by a person, or persons, who has or have resided in Washington state for six months prior to the application date, consistent with RCW 69.50.331, and meets at least two of the following qualifications:

(i) **Qualification 1:** The social equity applicant or applicants have lived in a disproportionately impacted area in Washington state for a minimum of six months; or

(ii) **Qualification 2:** The social equity applicant or a family member of the applicant has been arrested or convicted of a cannabis offense; or

(iii) **Qualification 3:** The social equity applicant's household income is less than median household income within the state of Washington as calculated by the United States Census Bureau.

(3) **Social equity application process.**

(a) **Application window.**

(i) The board will open the application window for 30 calendar days.

(ii) At its sole discretion, the board may reopen the application window:

(A) After initial evaluation of applications received; or

(B) If allotments become available after the initial application window has closed pursuant to RCW 69.50.335.

(b) **Initial application requirements.**

(i) The social equity applicant must apply to the department of business licensing services within the 30-day application window. If the application is mailed to the department of licensing services, the application must be postmarked within the 30-day application window.

(ii) The social equity applicant, whether applying as a person, persons, or entity, may apply for a cannabis license once during the application window described in subsection (4)(a) of this section.

(iii) A location address is not required at the time of application.

(iv) The social equity applicant must select one county where they wish to operate their business.

(v) A social equity applicant may not change a selected county after initial application.

(vi) The board will provide a list of available counties on its website.

(c) **Social equity contractor review.** Once the application window is closed, the social equity contractor will evaluate and prioritize all applications.

(i) If additional materials are needed, the social equity applicant will receive a letter from the third-party contractor directing the applicant to submit additional application materials directly to the third-party contractor.

(ii) The social equity applicant must submit complete and accurate additional application materials directly to the third-party contractor within 15 business days of the date of the letter. It is the responsibility of the social equity applicant to comply with the application requirements in this section and ensure the application is complete, accurate, and successfully submitted to the third-party contractor.

(iii) If the application is determined to be incomplete by the third-party contractor, the social equity applicant will be provided with seven days to submit a complete application.

(iv) The third-party contractor will review the application materials provided by the social equity applicant to determine if the applicant meets the requirements of a social equity applicant and submittal of a social equity plan.

(v) After the social equity contractor determines that the requirements have been met, the social equity contractor will score social equity applications using the following scoring rubric to prioritize social equity applicants:

<b>Social Equity Application Scoring Rubric</b>		
<b>Category</b>	<b>Criteria Elements</b>	<b>Point Scale</b>
<b>Eligibility Criteria</b>	1. Lived in a disproportionately impacted area (DIA)	40
	1a. How long have you lived in a DIA? 6m-5y = 5 points 5y-10y = 10 points 10+ years = 20 points	20
	2. Convicted of a drug offense? (Self)	5
	2a. Convicted of a cannabis offense? (Self)	20
	3. Convicted of a drug offense? (Family)	5
	3a. Convicted of a cannabis offense? (Family)	5
	4. If you were convicted of a cannabis offense, what type of sentence did you receive: Fine = 5 points Served probation = 10 points Confined to home = 20 points Served time in jail or prison = 40 points	40
	5. Did you or your family member's incarceration keep you from getting employment?	5
	6. Did you lose your home or ability to purchase a home or rent a home as a result of your convictions?	5
	7. Is your household income less than the median household income within the state of Washington as calculated by the United States Census Bureau?	40
	8. Were you a member of a medical cannabis collective garden between 1998-2016?  or Do you have previous cannabis business experience that would make your business more viable?	5
	9. Have you held or do you currently hold 51 percent majority/controlling interest of a state cannabis (marijuana) retailer license? No = 10 points Yes = 0 points *Title certificate holder without another retail license = 10 points	10
<b>Total Points</b>		<b>200 points</b>

(vi) The social equity contractor will provide the board with a list of eligible and scored social equity applicants.

(vii) Neither the social equity contractor nor its employees shall benefit from any license or licenses granted as a result of their review.

(d) **Board review.** Social equity applicants that are scored highest by the social equity contractor within the county selected by the social equity applicant will be processed by the board.

(e) **Double blind lottery.** In the event that the eligible social equity applicants share the highest score in a county and exceed the

number of available licenses in that county, the board will use a double blind lottery conducted by an independent third party to identify the application(s) that will be processed.

(f) **Preliminary letter of approval.** Once the social equity applications that will be processed are identified as described in this section, eligible social equity applicants will be issued a preliminary letter of approval.

(4) **Additional provisions.**

(a) There are no time restrictions for a social equity applicant to select and secure a location.

(b) Social equity applicants may not make ownership changes to an application after the application has been reviewed, scored, and prioritized by the third-party contractor.

(c) Social equity applicants may apply for the social equity program once. If a social equity applicant applies more than once, the board will accept only the first application.

(d) Social equity licenses that are currently designated to specific cities may be located anywhere within the county in which the city is located. However, the license may not be transferred outside of that county.

(e) Qualifying for the Social Equity Program will not result in or guarantee cannabis business license approval. Social equity applicants must meet all license qualifications in this chapter to receive a license.

(f) Licenses awarded under this section may not be transferred within the first year of the license being issued and may only be transferred to individuals or groups of individuals who comply with the requirements for initial licensure as a social equity applicant for a period of five years from the date of the transfer.

(5) **Application withdrawal.** The board will withdraw a social equity application if:

(a) The social equity program application or additional materials are determined to be incomplete or incorrect by the social equity contractor;

(b) The social equity program application materials are not timely received by the social equity contractor; or

(c) The social equity applicant(s) requests withdrawal of the social equity program application at any time in the application process. The social equity applicant(s) must request withdrawal in writing. The voluntary withdrawal of a social equity program application does not result in a hearing right.