



## Washington State Liquor and Cannabis Board

**Topic:** Petition for Adoption, Amendment, or Repeal of a State Administrative Rule – Request to allow cannabis licensees to use cloud storage options for recordkeeping required by WAC 314-55-083 and 087.

**Date:** August 31, 2022

**Presented by:** Audrey Vasek, Policy and Rules Coordinator

### Background

On July 8, 2022, Brooke Davies, on behalf of the Washington Cannabusiness Association, submitted a petition for adoption, amendment, or repeal of a state administrative rule. The petition requests that the agency amend WAC 314-55-083 and 314-55-087 to allow cannabis licensees to use cloud storage options for certain recordkeeping requirements.

In the rule petition, Brooke Davies states:

☒ 2. AMEND RULE - I am requesting the agency to change an existing rule.

List rule number (WAC), if known: WAC 314-55-083 and WAC 314-55-087

- ☒ I am requesting the following change: Conduct rulemaking and stakeholder engagement in order to update and streamline the record keeping requirements outlined in 314-55-083 and 314-55-087 to allow for cloud storage options
- ☒ This change is needed because: The current requirement to keep hard copies in storage devices or paper form physically on premise is cumbersome and costly without benefiting public safety. Additionally cloud storage options have better security features now
- ☒ The effect of this rule change will be: An updated set of regulations that allow licensee to utilize cloud storage options will create greater efficiency and cost savings while increasing transparency, security and safety

### Issue

Whether the Board should initiate the rulemaking process to consider allowing cannabis licensees the option of using cloud storage in lieu of physical, on-premises storage for recordkeeping required in WAC 314-55-083 and 314-55-087.

### Authority

#### Laws

RCW 69.50.342(1) provides the Board with authority to adopt rules for cannabis licensees related to recordkeeping and security, including “(b) The books and records to be created and maintained by licensees, the reports to be made thereon to the board, and inspection of the books and records;” and “(d) Security requirements for retail outlets and premises

where cannabis is produced or processed, and safety protocols for licensees and their employees.”

### *Rules*

WAC 314-55-087 contains the general recordkeeping requirements for cannabis licensees. Subsection (1) states:

(1) Cannabis licensees are responsible to keep records that clearly reflect all financial transactions and the financial condition of the business. **The following records must be kept and maintained on the licensed premises for a five-year period** and must be made available for inspection if requested by an employee of the WSLCB: . . . .

WAC 314-55-087(1) (emphasis added). The types of records specified in rule include financial records, employee records, daily pesticide application records, production and processing records, cannabis product records, transportation records, inventory records, quality assurance testing records, records of samples, records of theft, and records of any cannabis products provided free of charge. WAC 314-55-087(1)(a)-(q).

WAC 314-55-083 contains the security and traceability requirements for cannabis licensees, including requirements related to maintaining visitor logs and a surveillance system. Subsection (1) specifies a three-year, on-premises recordkeeping requirement for visitor logs:

(c) **All log records must be maintained on the licensed premises for a period of three years** and are subject to inspection by any WSLCB employee or law enforcement officer, and must be copied and provided to the WSLCB or law enforcement officer upon request.

WAC 314-55-083(1)(c) (emphasis added). Subsection (3) specifies a 45-day, on-premises recordkeeping requirement for the surveillance system:

(3) **Surveillance system.** At a minimum, a licensed premises must have a complete video surveillance system . . . **The surveillance system storage device must be secured on the licensed premises in a lockbox, cabinet, closet, or secured in another manner** to protect from employee tampering or criminal theft. **All surveillance recordings must be kept for a minimum of 45 days on the licensee's recording device.**

WAC 314-55-083(3) (emphasis added).

## Analysis

The Board has statutory authority to create rules regarding recordkeeping and security requirements for cannabis licensees. RCW 69.50.342(1)(b) and (d). The specific recordkeeping requirements established in rule depend on the type of record at issue.

Cannabis licensees are required to keep and maintain most types of records on the licensed premises for five years. WAC 314-55-087. This five-year, on-premises recordkeeping requirement applies to a list of certain types of records specified in rule, including financial records, employee records, daily pesticide application records, production and processing records, cannabis product records, transportation records, inventory records, quality assurance testing records, records of samples, records of theft, and records of any cannabis products provided free of charge. WAC 314-55-087(1)(a)-(q).

While storing these types of records in electronic or digital format is not prohibited by rule, licensees are required to keep and maintain physical hard copies of these records at the licensed premises and make them available for inspection. For records where the original “source document” is not a physical document, such as electronic bank statements or records generated within an automated data processing (ADP) and/or a point-of-sale (POS) system, both the source document and a physical copy of the record must be maintained. However, the source documents can be “maintained in some other location” than the licensed premises. WAC 314-55-087(3).

Different recordkeeping requirements apply to visitor logs and surveillance system recordings. WAC 314-55-083. For security reasons, cannabis licensees are required to keep and maintain visitor logs “showing the full name of each visitor entering the licensed premises, badge number issued, the time of arrival, time of departure, and the purpose of the visit.” WAC 314-55-083(1)(b). These visitor log records are required to be maintained on the licensed premises for three years. WAC 314-55-083(1)(c).

Similarly, for security reasons, cannabis licensees are required to “have a complete video surveillance system” that meets certain criteria specified in rule, such as minimum camera resolution, internet protocol (IP) compatibility, camera placement, recording content, display of date and time, etc. WAC 314-55-083(3). The rule specifies that “[t]he surveillance system storage device must be secured on the licensed premises” and “[a]ll surveillance recordings must be kept for a minimum of 45 days on the licensee's recording device.” *Id.*

In this petition, Brooke Davies requests that the Board initiate rulemaking to consider allowing cannabis licensees the option to store records required in WAC 314-55-083 and 314-55-087 in cloud storage,<sup>1</sup> instead of in physical storage at the licensed premises.

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<sup>1</sup> “Cloud computing” is commonly defined as “the practice of storing regularly used computer data on multiple servers that can be accessed through the Internet.” *Cloud computing*, Merriam-Webster.com, <https://www.merriam-webster.com/dictionary/cloud%20computing> (last visited August 5, 2022).

Agency staff find that there are several key issues to consider when evaluating the risks and benefits of allowing cloud storage in lieu of physical, on-premises storage:

- How will access to the records be ensured?
- How will the records be preserved?
- How will the records be secured?
- How will the records be authenticated?

The risks and benefits of allowing cloud storage options in lieu of on-premises storage options may be different for the records required to be stored for five years at the licensed premises under WAC 314-55-087, as compared to the surveillance recordings that must be stored for 45 days and the visitor logs that must be stored for three years at the licensed premises under WAC 314-55-083.

### *Ensuring access to the records*

In theory, cloud storage could make it easier for licensees and LCB staff to find and access records, thereby increasing efficiency and transparency, as Brooke Davies argues in the petition.<sup>2</sup> However, allowing cloud storage as an option in lieu of physical, on-site storage would also mean that some records that are currently accessible on-site at the licensed premises would only be accessible through a computer or other device with an internet connection. If hard copies of records aren't required to be kept and maintained at the licensed premises, it could make it more difficult for LCB staff to access records during an on-site investigation. For this reason, if cloud storage is allowed as an option in lieu of physical, on-site storage, agency staff find that it will be important to explore development of potential safeguards to mitigate this risk and ensure that licensees provide LCB staff with timely access to any records stored in the cloud.

### *Preserving the records*

While records kept in the cloud might not be vulnerable to the same risks that records kept on-site at the licensed premises face (e.g. degradation due to on-site storage conditions), records kept in the cloud do face physical risks. Cloud storage relies on

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Popular cloud storage providers include companies such as Amazon, Google, Dropbox, etc. Dropbox.com defines cloud storage, in part, as “off-site storage that’s maintained by a third party and an alternative to storing data on-premises.” *Frequently asked questions, What is cloud storage?*, Dropbox, <https://www.dropbox.com/features/cloud-storage> (last visited August 5, 2022).

Amazon Web Services defines cloud storage, in part, as “a cloud computing model that stores data on the Internet through a cloud computing provider who manages and operates data storage as a service. . . . Cloud storage is purchased from a third party cloud vendor who owns and operates data storage capacity and delivers it over the Internet in a pay-as-you-go model. These cloud storage vendors manage capacity, security and durability to make data accessible to your applications all around the world.” *What is Cloud Storage?, How Does Cloud Storage Work?*, Amazon Web Services, <https://aws.amazon.com/what-is-cloud-storage/> (last visited August 5, 2022).

<sup>2</sup> Rule Petition, page 2.

physical computer servers owned and maintained, sometimes in multiple locations, by third-parties.<sup>3</sup> Just like any computer server, cloud storage servers can fail, and data stored in the cloud can be lost or damaged. For these reasons, if cloud storage is allowed as an option in lieu of physical, on-site storage, agency staff find that it will be important to explore development of potential procedures for preserving licensee records (e.g. through backup requirements). Additionally, for records where the source or original document is handwritten (which can often be the case for certain types of records created in the course of cannabis licensee operations, such as pesticide application records), agency staff find that it may be beneficial to explore requiring preservation of the original handwritten record.

### *Securing the records*

Compared to physical, on-site storage options, cloud storage options pose different security risks. Some common cloud security challenges include malicious attacks by cybercriminals leading to data leaks, loss, or ransom demands; a lack of visibility of how data is being accessed and by whom; and misconfigurations of cloud storage assets by insiders within the organization leading to accidental data breaches or loss.<sup>4</sup> For these reasons, if cloud storage is allowed as an option in lieu of physical, on-site storage, agency staff find that it will be important to explore development of potential minimum cloud storage security feature requirements.

### *Authenticating the records*

Due to the nature of cloud storage described above and the ease with which digital documents can be edited, LCB staff and licensees may have more difficulty determining if a record stored in the cloud has been altered, whether intentionally or accidentally, as compared to records that are stored in physical, on-site storage. For these reasons, if cloud storage is allowed as an option in lieu of physical, on-site storage, agency staff find that it will be important to explore development of potential methods for authenticating records to determine that they are unaltered.

### *Conclusion*

Considering the potential risks and benefits associated with the use of cloud storage for recordkeeping, agency staff find that opening up this subject for inquiry and public discussion would be beneficial. Initiating the rulemaking process as requested in the petition would allow the agency to begin collaboratively engaging with stakeholders and any interested members of the public to explore the possibility of allowing licensees to use cloud storage as a recordkeeping option in lieu of physical, on-site storage.

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<sup>3</sup> See Footnote 1.

<sup>4</sup> *What is cloud security?*, IBM.com, <https://www.ibm.com/topics/cloud-security#:~:text=Cloud%20security%20is%20a%20collection,as%20part%20of%20their%20infrastructure> (last visited August 8, 2022); *What is cloud security?*, Microsoft.com, <https://www.microsoft.com/en-us/security/business/security-101/what-is-cloud-security> (last visited August 8, 2022).

## Recommendation

For the reasons described above, Director's Office staff recommend that consistent with RCW 34.05.330(1)(b), the Board accept Brooke Davies' rule petition request, received on July 8, 2022, and initiate rulemaking proceedings in accordance with RCW 34.05.310 and 34.05.320 to consider allowing cannabis licensees the option of using cloud storage in lieu of physical, on-premises storage for recordkeeping required in WAC 314-55-083 and 314-55-087.

## Board Action

After considering the recommendation of Director's Office staff, the Board accepts/denies the petition for rulemaking received from Brooke Davies on July 8, 2022.

\_\_\_\_\_ Accept \_\_\_\_\_ Deny

\_\_\_\_\_  
David Postman, Chair

\_\_\_\_\_  
Date

\_\_\_\_\_ Accept \_\_\_\_\_ Deny

\_\_\_\_\_  
Ollie Garrett, Board Member

\_\_\_\_\_  
Date

\_\_\_\_\_ Accept \_\_\_\_\_ Deny

\_\_\_\_\_  
Jim Vollendroff, Board Member

\_\_\_\_\_  
Date

## Attachments

1. Email from Brooke Davies received July 8, 2022, containing rule petition.
2. Laws and Rules cited under the "Authority" section above.

**Vasek, Audrey (LCB)**

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**From:** Brooke Davies <brooke.ella.davies@gmail.com>  
**Sent:** Friday, July 8, 2022 9:30 AM  
**To:** LCB DL Rules; Hoffman, Katherine (LCB)  
**Cc:** Christophersen, Vicki  
**Subject:** Rule Petition - Cloud Storage Options  
**Attachments:** WACA Petition WAC 314-55-083\_314-55-087.pdf

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

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External Email

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Good morning,

Please see attached petition to allow for cannabis licensees to utilize cloud storage options submitted on behalf of the Washington CannaBusiness Association.

Thank you in advance for your consideration.

Brooke

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**Brooke Davies**  
B.E. Davies Consulting  
Boswell Consulting  
Christophersen Inc.  
540-336-7465



## PETITION FOR ADOPTION, AMENDMENT, OR REPEAL OF A STATE ADMINISTRATIVE RULE

In accordance with [RCW 34.05.330](#), the Office of Financial Management (OFM) created this form for individuals or groups who wish to petition a state agency or institution of higher education to adopt, amend, or repeal an administrative rule. You may use this form to submit your request. You also may contact agencies using other formats, such as a letter or email.

The agency or institution will give full consideration to your petition and will respond to you within 60 days of receiving your petition. For more information on the rule petition process, see Chapter 82-05 of the Washington Administrative Code (WAC) at <http://apps.leg.wa.gov/wac/default.aspx?cite=82-05>.

### CONTACT INFORMATION *(please type or print)*

Petitioner's Name \_\_\_\_\_  
Name of Organization \_\_\_\_\_  
Mailing Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_  
Telephone \_\_\_\_\_ Email \_\_\_\_\_

### COMPLETING AND SENDING PETITION FORM

- Check all of the boxes that apply.
- Provide relevant examples.
- Include suggested language for a rule, if possible.
- Attach additional pages, if needed.
- Send your petition to the agency with authority to adopt or administer the rule. Here is a list of agencies and their rules coordinators: <http://www.leg.wa.gov/CodeReviser/Documents/RClist.htm>.

### INFORMATION ON RULE PETITION

Agency responsible for adopting or administering the rule: \_\_\_\_\_

☐ **1. NEW RULE - I am requesting the agency to adopt a new rule.**

☐ The subject (or purpose) of this rule is: \_\_\_\_\_

☐ The rule is needed because: \_\_\_\_\_

☐ The new rule would affect the following people or groups: \_\_\_\_\_



☐ **2. AMEND RULE - I am requesting the agency to change an existing rule.**

List rule number (WAC), if known: \_\_\_\_\_

☐ I am requesting the following change: \_\_\_\_\_

☐ This change is needed because: \_\_\_\_\_

☐ The effect of this rule change will be: \_\_\_\_\_

☐ The rule is not clearly or simply stated: \_\_\_\_\_

☐ **3. REPEAL RULE - I am requesting the agency to eliminate an existing rule.**

List rule number (WAC), if known: \_\_\_\_\_

*(Check one or more boxes)*

☐ It does not do what it was intended to do.

☐ It is no longer needed because: \_\_\_\_\_

☐ It imposes unreasonable costs: \_\_\_\_\_

☐ The agency has no authority to make this rule: \_\_\_\_\_

☐ It is applied differently to public and private parties: \_\_\_\_\_

☐ It conflicts with another federal, state, or local law or rule. List conflicting law or rule, if known: \_\_\_\_\_

☐ It duplicates another federal, state or local law or rule. List duplicate law or rule, if known: \_\_\_\_\_

☐ Other (please explain): \_\_\_\_\_

## State liquor and cannabis board—Rules.

(1) For the purpose of carrying into effect the provisions of chapter 3, Laws of 2013 according to their true intent or of supplying any deficiency therein, the board may adopt rules not inconsistent with the spirit of chapter 3, Laws of 2013 as are deemed necessary or advisable. Without limiting the generality of the preceding sentence, the board is empowered to adopt rules regarding the following:

(a) The equipment and management of retail outlets and premises where cannabis is produced or processed, and inspection of the retail outlets and premises where cannabis is produced or processed;

(b) The books and records to be created and maintained by licensees, the reports to be made thereon to the board, and inspection of the books and records;

(c) Methods of producing, processing, and packaging cannabis, useable cannabis, cannabis concentrates, and cannabis-infused products; conditions of sanitation; safe handling requirements; approved pesticides and pesticide testing requirements; and standards of ingredients, quality, and identity of cannabis, useable cannabis, cannabis concentrates, and cannabis-infused products produced, processed, packaged, or sold by licensees;

(d) Security requirements for retail outlets and premises where cannabis is produced or processed, and safety protocols for licensees and their employees;

(e) Screening, hiring, training, and supervising employees of licensees;

(f) Retail outlet locations and hours of operation;

(g) Labeling requirements and restrictions on advertisement of cannabis, useable cannabis, cannabis concentrates, cannabis health and beauty aids, and cannabis-infused products for sale in retail outlets;

(h) Forms to be used for purposes of this chapter and chapter 69.51A RCW or the rules adopted to implement and enforce these chapters, the terms and conditions to be contained in licenses issued under this chapter and chapter 69.51A RCW, and the qualifications for receiving a license issued under this chapter and chapter 69.51A RCW, including a criminal history record information check. The board may submit any criminal history record information check to the Washington state patrol and to the identification division of the federal bureau of investigation in order that these agencies may search their records for prior arrests and convictions of the individual or individuals who filled out the forms. The board must require fingerprinting of any applicant whose criminal history record information check is submitted to the federal bureau of investigation;

(i) Application, reinstatement, and renewal fees for licenses issued under this chapter and chapter 69.51A RCW, and fees for anything done or permitted to be done under the rules adopted to implement and enforce this chapter and chapter 69.51A RCW;

(j) The manner of giving and serving notices required by this chapter and chapter 69.51A RCW or rules adopted to implement or enforce these chapters;

(k) Times and periods when, and the manner, methods, and means by which, licensees transport and deliver cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products within the state;

(l) Identification, seizure, confiscation, destruction, or donation to law enforcement for training purposes of all cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products produced, processed, sold, or offered for sale within this state which do not conform in all respects to the standards prescribed by this chapter or chapter 69.51A RCW or the rules adopted to implement and enforce these chapters;

(m) The prohibition of any type of device used in conjunction with a cannabis vapor product and the prohibition of the use of any type of additive, solvent, ingredient, or compound in the production and processing of cannabis products, including cannabis vapor products, when the board determines,

following consultation with the department of health or any other authority the board deems appropriate, that the device, additive, solvent, ingredient, or compound may pose a risk to public health or youth access; and

(n) Requirements for processors to submit under oath to the department of health a complete list of all constituent substances and the amount and sources thereof in each cannabis vapor product, including all additives, thickening agents, preservatives, compounds, and any other substance used in the production and processing of each cannabis vapor product.

(2) Rules adopted on retail outlets holding medical cannabis endorsements must be adopted in coordination and consultation with the department.

(3) The board must adopt rules to perfect and expand existing programs for compliance education for licensed cannabis businesses and their employees. The rules must include a voluntary compliance program created in consultation with licensed cannabis businesses and their employees. The voluntary compliance program must include recommendations on abating violations of this chapter and rules adopted under this chapter.

[ **2022 c 16 § 63**; **2020 c 133 § 3**; **2019 c 394 § 4**; **2015 2nd sp.s. c 4 § 1601**; **2015 c 70 § 7**; **2013 c 3 § 9** (Initiative Measure No. 502, approved November 6, 2012).]

## NOTES:

**Intent—Finding—2022 c 16:** See note following RCW **69.50.101**.

**Findings—2020 c 133:** "The legislature finds that recent reports of lung illnesses associated with vapor products demand serious attention by the state in the interest of protecting public health and preventing youth access. While state law grants the liquor and cannabis board broad authority to regulate vapor products containing marijuana [cannabis], the legislature finds that risks to public health and youth access can be mitigated by clarifying that the board is granted specific authority to prohibit the use of any additive, solvent, ingredient, or compound in marijuana [cannabis] vapor product production and processing and to prohibit any device used in conjunction with a marijuana [cannabis] vapor product." [ **2020 c 133 § 1**.]

**Effective date—2020 c 133:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 25, 2020]." [ **2020 c 133 § 5**.]

**Findings—2019 c 394:** See note following RCW **69.50.563**.

**Findings—Intent—Effective dates—2015 2nd sp.s. c 4:** See notes following RCW **69.50.334**.

**Short title—Findings—Intent—References to Washington state liquor control board—Draft legislation—2015 c 70:** See notes following RCW **66.08.012**.

**Intent—2013 c 3 (Initiative Measure No. 502):** See note following RCW **69.50.101**.

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**WAC 314-55-083****Security and traceability requirements for cannabis licensees.**

The security requirements for a cannabis licensee are as follows:

(1) **Display of identification badge.** All licensees and employees on the licensed premises shall be required to hold and properly display an identification badge issued by the licensed employer at all times while on the licensed premises and engaged in the transportation of cannabis. The identification badge must list the licensee's trade name and include the person's full and legal name and photograph. All licensees and employees must have their state issued identification available to verify the information on their badge is correct.

(a) All nonemployee visitors to the licensed premises, other than retail store customers, shall be required to hold and properly display an identification badge issued by the licensee at all times while on the licensed premises.

(b) A log must be kept and maintained showing the full name of each visitor entering the licensed premises, badge number issued, the time of arrival, time of departure, and the purpose of the visit.

(c) All log records must be maintained on the licensed premises for a period of three years and are subject to inspection by any WSLCB employee or law enforcement officer, and must be copied and provided to the WSLCB or law enforcement officer upon request.

(d) Employees, visitors, and other persons at a cannabis licensed premises, including persons engaged in the transportation of cannabis, must provide identification to a WSLCB enforcement officer upon request.

(2) **Alarm systems.** At a minimum, each licensed premises must have a security alarm system on all perimeter entry points and perimeter windows. Motion detectors, pressure switches, duress, panic, and hold-up alarms may also be used.

(3) **Surveillance system.** At a minimum, a licensed premises must have a complete video surveillance system with minimum camera resolution of 640 x 470 pixels or pixel equivalent for analog. The surveillance system storage device and/or the cameras must be internet protocol (IP) compatible. All cameras must be fixed and placement must allow for the clear and certain identification of any person and activities in controlled areas of the licensed premises. All entrances and exits to an indoor facility must be recorded from both indoor and outdoor, or ingress and egress vantage points. All cameras must record continuously 24 hours per day and at a minimum of 10 frames per second. The surveillance system storage device must be secured on the licensed premises in a lockbox, cabinet, closet, or secured in another manner to protect from employee tampering or criminal theft. All surveillance recordings must be kept for a minimum of 45 days on the licensee's recording device. All videos are subject to inspection by any WSLCB employee or law enforcement officer, and must be copied and provided to the WSLCB or law enforcement officer upon request. All recorded images must clearly and accurately display the time and date. Time is to be measured in accordance with the U.S. National Institute Standards and Technology standards. Controlled areas include:

(a) Any area within an indoor, greenhouse or outdoor room or area where cannabis is grown, or cannabis or cannabis waste is being moved within, processed, stored, or destroyed. Rooms or areas where cannabis or cannabis waste is never present are not considered control areas and do not require camera coverage.

(b) All point-of-sale (POS) areas.

(c) Twenty feet of the exterior of the perimeter of all required fencing and gates enclosing an outdoor grow operation. Any gate or other entry point that is part of the required enclosure for an outdoor growing operation must be lighted in low-light conditions. A motion detection lighting system may be employed to light the gate area in low-light conditions.

(d) Any room or area storing a surveillance system storage device.

(4) **Traceability:** To prevent diversion and to promote public safety, cannabis licensees must track cannabis from seed to sale. Licensees must provide the required information on a system specified by the WSLCB. All costs related to the reporting requirements are borne by the licensee. Cannabis seedlings, clones, plants, lots of useable cannabis or trim, leaves, and other plant matter, batches of extracts, cannabis-infused products, samples, and cannabis waste must be traceable from production through processing, and finally into the retail environment including being able to identify which lot was used as base material to create each batch of extracts or infused products. The following information is required and must be kept completely up-to-date in a system specified by the WSLCB:

- (a) Key notification of "events," such as when a plant enters the system (moved from the seedling or clone area to the vegetation production area at a young age);
  - (b) When plants are to be partially or fully harvested or destroyed;
  - (c) When a lot or batch of cannabis, cannabis extract, cannabis concentrates, cannabis-infused product, or cannabis waste is to be destroyed;
  - (d) When useable cannabis, cannabis concentrates, or cannabis-infused products are transported;
  - (e) Any theft of useable cannabis, cannabis seedlings, clones, plants, trim or other plant material, extract, infused product, seed, plant tissue or other item containing cannabis;
  - (f) All cannabis plants eight or more inches in height or width must be physically tagged and tracked individually;
  - (g) A complete inventory of all cannabis, seeds, plant tissue, seedlings, clones, all plants, lots of useable cannabis or trim, leaves, and other plant matter, batches of extract, cannabis concentrates, cannabis-infused products, and cannabis waste;
  - (h) All cannabis, useable cannabis, cannabis-infused products, cannabis concentrates, seeds, plant tissue, clone lots, and cannabis waste must be physically tagged with the unique identifier generated by the traceability system and tracked;
  - (i) All point-of-sale records;
  - (j) Cannabis excise tax records;
  - (k) All samples sent to an independent testing lab, any sample of unused portion of a sample returned to a licensee, and the quality assurance test results;
  - (l) All vendor samples provided to another licensee for purposes of education or negotiating a sale;
  - (m) All samples used for testing for quality by the producer or processor;
  - (n) Samples containing useable cannabis provided to retailers;
  - (o) Samples provided to the WSLCB or their designee for quality assurance compliance checks;
- and
- (p) Other information specified by the board.

[Statutory Authority: RCW **69.50.342** and 2022 c 16 § 168. WSR 22-14-111, § 314-55-083, filed 7/6/22, effective 8/6/22. Statutory Authority: RCW **69.50.325**, **69.50.342**, **69.50.345**, and **69.50.369**. WSR 18-22-055, § 314-55-083, filed 10/31/18, effective 12/1/18. Statutory Authority: RCW **69.50.342** and **69.50.345**. WSR 16-11-110, § 314-55-083, filed 5/18/16, effective 6/18/16; WSR 15-11-107, § 314-55-083, filed 5/20/15, effective 6/20/15; WSR 14-07-116, § 314-55-083, filed 3/19/14, effective 4/19/14. Statutory Authority: RCW **69.50.325**, **69.50.331**, **69.50.342**, **69.50.345**. WSR 13-21-104, § 314-55-083, filed 10/21/13, effective 11/21/13.]

**HTML has links - PDF has Authentication****PDF****WAC 314-55-087****Recordkeeping requirements for cannabis licensees.**

(1) Cannabis licensees are responsible to keep records that clearly reflect all financial transactions and the financial condition of the business. The following records must be kept and maintained on the licensed premises for a five-year period and must be made available for inspection if requested by an employee of the WSLCB:

- (a) Purchase invoices and supporting documents, to include the items and/or services purchased, from whom the items were purchased, and the date of purchase;
- (b) Bank statements and canceled checks for any accounts relating to the licensed business;
- (c) Accounting and tax records related to the licensed business and each true party of interest;
- (d) Records of all financial transactions related to the licensed business, including contracts and/or agreements for services performed or received that relate to the licensed business;
- (e) All employee records to include, but not limited to, training, payroll, and date of hire;
- (f) Records of each daily application of pesticides applied to the cannabis plants or growing medium. For each application, the producer shall record the following information on the same day the application is made:
  - (i) Full name of each employee who applied the pesticide;
  - (ii) The date the pesticide was applied;
  - (iii) The name of the pesticide or product name listed on the registration label which was applied;
  - (iv) The concentration and total amount of pesticide per plant; and
  - (v) For outdoor production, the concentration of pesticide that was applied to the field. Liquid applications may be recorded as, but are not limited to, amount of product per 100 gallons of liquid spray, gallons per acre of output volume, ppm, percent product in tank mix (e.g., one percent). For chemigation applications, record "inches of water applied" or other appropriate measure.
- (g) Soil amendment, fertilizers, or other crop production aids applied to the growing medium or used in the process of growing cannabis;
- (h) Production and processing records, including harvest and curing, weighing, destruction of cannabis, creating batches of cannabis-infused products and packaging into lots and units;
- (i) Records of each batch of extracts or infused cannabis products made, including at a minimum, the lots of useable cannabis or trim, leaves, and other plant matter used (including the total weight of the base product used), any solvents or other compounds utilized, and the product type and the total weight of the end product produced, such as hash oil, shatter, tincture, infused dairy butter, etc.;
- (j) Transportation records as described in WAC [314-55-085](#);
- (k) Inventory records;
- (l) All samples sent to an independent testing lab and the quality assurance test results;
- (m) All free samples provided to another licensee for purposes of negotiating a sale;
- (n) All samples used for testing for quality by the producer or processor;
- (o) Sample jars containing useable cannabis provided to retailers; and
- (p) Records of any theft of cannabis seedlings, clones, plants, trim or other plant material, extract, cannabis-infused product, or other item containing cannabis.
- (q) Records of any cannabis product provided free of charge to qualifying patients or designated providers.

(2) If the cannabis licensee keeps records within an automated data processing (ADP) and/or point-of-sale (POS) system, the system must include a method for producing legible records that will provide the same information required of that type of record within this section. The ADP and/or POS system is acceptable if it complies with the following guidelines:

(a) Provides an audit trail so that details (invoices and vouchers) underlying the summary accounting data may be identified and made available upon request.

(b) Provides the opportunity to trace any transaction back to the original source or forward to a final total. If printouts of transactions are not made when they are processed, the system must have the ability to reconstruct these transactions.

(c) Has available a full description of the ADP and/or POS portion of the accounting system. This should show the applications being performed, the procedures employed in each application, and the controls used to ensure accurate and reliable processing.

(3) The provisions contained in subsections (1) and (2) of this section do not eliminate the requirement to maintain source documents, but they do allow the source documents to be maintained in some other location.

[Statutory Authority: RCW **69.50.342** and 2022 c 16 § 168. WSR 22-14-111, § 314-55-087, filed 7/6/22, effective 8/6/22. Statutory Authority: RCW **69.50.325**, **69.50.342**, **69.50.345**, and **69.50.369**. WSR 18-22-055, § 314-55-087, filed 10/31/18, effective 12/1/18. Statutory Authority: RCW **69.50.342** and **69.50.345**. WSR 16-11-110, § 314-55-087, filed 5/18/16, effective 6/18/16. Statutory Authority: RCW **69.50.325**, **69.50.331**, **69.50.342**, **69.50.345**. WSR 13-21-104, § 314-55-087, filed 10/21/13, effective 11/21/13.]