



Washington State
Liquor and Cannabis Board

Date: October 12, 2022

To: David Postman, Board Chair
Ollie Garrett, Board Member
Jim Vollendroff, Board Member

From: Kathy Hoffman, PhD, 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 Education and Enforcement

Subject: Request for approval of final rules (CR 103) regarding chapter 314-55 WAC, amendments and new rule sections to establish the Social Equity in Cannabis Program

The Policy and Rules Manager requests that the Board adopt the final rules, and approve the CR 103 to make amendments to existing rule and establish new rules that create a framework for the Social Equity in Cannabis program.

The Board has been briefed on the rule development background and public comment received for this rule making project. A CR 103 memorandum, CR 103 form, and rule text are attached.

If approved, the Policy and Rules Manager will send the concise explanatory statement concerning this rulemaking to all persons who provided comments. The Policy and Rules Manager will file the rules with the Office of the Code Reviser. The effective date of the rules will be 31 days after filing, or November 12, 2022.

_____ Approve	_____ Disapprove	_____	_____
		David Postman, Chair	Date

_____ Approve	_____ Disapprove	_____	_____
		Ollie Garrett, Board Member	Date

_____ Approve	_____ Disapprove	_____	_____
		Jim Vollendroff, Board Member	Date

Attachments: CR 103 Memorandum
Concise Explanatory Statement



CR 103 Memorandum

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

Date: October 12, 2022
Presented by: Kathy Hoffman, PhD, Policy and Rules Manager

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. Those recommendations have been incorporated into the adopted rules in a way that intentionally and specifically centers equity within the regulatory framework and associated administrative process.

Rule Necessity

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.

Description of Rule Changes

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.

New Rule Section	Summary	Alignment with SETF Recommendations, Statutory Authority, or Both
WAC 314-55-570(1) Definitions	Provides a list of definitions for words, terms, and phrases used throughout the section.	<i>Statutory Authority</i> RCW 69.50.335(4)
WAC 314-55-570(1)(a) 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)
WAC 314-55-570(1)(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.	SETF Recommendation: 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)
WAC 314-55-570(1)(c) Family Member	Rule Text: (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.	SETF Recommendation: 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.
WAC 314-55-570(1)(d) 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
WAC 314-55-570(1)(e) Person	Needed to distinguish between person or other business entity.	<i>Statutory Authority</i> RCW 69.50.335(4)
WAC 314-55-570(1)(f) Preliminary letter of approval	Needed to define term used in Social Equity Task Force recommendation.	SETF Recommendation: 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)
WAC 314-55-570(1)(g) 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)
WAC 314-55-570(1)(h) Social equity contractor	Needed to define term in rule context.	SETF Recommendation: 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)
WAC 314-55-570(1)(i) Social equity licensee	Needed to define term in rule context.	<i>Statutory Authority</i> RCW 69.50.335(4)
WAC 314-55-570(1)(j) Social equity plan	Needed to define term in rule context.	<i>Statutory Authority</i> RCW 69.50.335(4)
WAC 314-55-570(2) 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(6)(e) – definition of “social equity plan” <i>Statutory Authority</i> RCW 69.50.335(2)(a) <i>Statutory Authority</i> RCW 69.50.335(4) See also Attachment G
WAC 314-55-570(3) 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; Double blind lottery will occur in the event that the number of eligible applicants exceeds the number of available licenses; Preliminary letter of approval issued.	SETF Recommendation: 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 <i>Statutory Authority</i> RCW 69.50.335(2)(a) <i>Statutory Authority</i> RCW 69.50.335(4)
WAC 314-55-570(4) Additional provisions	No time restriction to secure a location. Provides that an applicant may not make ownership changes after application has been reviewed, scored, and prioritized; Provides for license mobility within county; 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.	SETF Recommendation: No time restriction to secure a 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. <i>Statutory Authority</i> RCW 69.50.335(4)
WAC 314-55-570(5) Application withdrawal	Describes social equity application withdrawal processes and circumstances under which a social equity application may be withdrawn.	<i>Statutory Authority</i> RCW 69.50.335(4)

Variance between proposed rule (CR102) and final rule:

WAC 314-55-045(2): removed inadvertent reference to true party of interest violation when reference should have been to violation history.

WAC 314-55-079(1)(a): changed word “marijuana” to “cannabis” in first line.

WAC 314-55-079(2): changed “www.lcb.wa.gov” to “lcb.wa.gov.”

WAC 314-55-079(2)(b): changed “www.lcb.wa.gov” to “lcb.wa.gov.”

WAC 314-55-110(4)(a): changed word “marijuana” to “cannabis.”

WAC 314-55-570(3)(c)(8): corrected typographical error in scoring rubric under Eligibility Requirement 1a, regarding length of time in a disproportionately impacted area (DIA). 5 years to 10 years in a DIA was changed from 10 points to 20 points; 10+ years was changed from 20 points to 40 points.

Added word “Maximum” between “Total” and “Points” at the end of the scoring rubric.

WAC 314-55-570(6): Added further clarification about when the board will withdraw a social equity license.

Rule Implementation (RCW 34.05.328(3)(a))

Informing and Educating Persons Impacted by the Rule (RCW 34.05.328(3)(b))

To help inform and educate persons impacted by the rule, the WSLCB will:

- Email notice with the adoption materials to persons who commented on the rules, the rule making and licensee distribution lists, and the general WSLCB GovDelivery list;
- Post rule adoption materials, including final rule language, response to comments, final analysis (Concise Explanatory Statement), and any other relevant documents on the rulemaking webpage for public access.
- LCB is working with [Make Green Go](#) to develop videos for applicant training on licensing processes. LCB will offer a combination of short videos and hosting live workshops to prepare potential applicants to apply for licensure.

Promoting and Assisting Voluntary Compliance (RCW 34.05.328(3)(c))

WSLCB will promote and assist voluntary compliance through technical assistance.

- WSLCB staff are available to respond to phone and email inquiries about the rules.
- Agency leadership and staff have actively participated in rule development and revisions, and are familiar with the final product. Internal and external education efforts to share knowledge and assure consistent application of rule have will be supported.
- Rule and guidance documents will be available on the WSLCB website.
- WSLCB will use available and customary resources to disseminate materials and information to all persons impacted by the rules.

These actions are designed to inform and educate all persons impacted by the rules to support and promote voluntary compliance.

Training and Informing WSLCB Staff

Several WSLCB staff responsible for implementing these adopted rules work directly with impacted parties and are already familiar with the nuances of the rule changes. Additional internal guidance documents may be prepared as necessary. The WSLCB will also consider:

- Provision of internal and external training and education, as needed, potentially including webinars, training, and videos if appropriate;
- Coordinating and centrally locating decisions to assure consistency between agency, staff, and industry.

Rule Effectiveness Evaluation (RCW 34.05.328(3)(d))

The WSLCB will evaluate the effectiveness of these rules in the following ways, including but not limited to:

- Monitoring questions received after the effective date of these rules, and adjusting training and guidance accordingly;
- Monitoring the number of enforcement actions, including type, resolution, and final outcome;
- Monitoring the number of requests for rule language revisions or changes;
- Monitoring the number of requests for rule interpretation;
- Monitoring licensee feedback including, but not limited to, the number of requests for assistance.



RULE-MAKING ORDER

PERMANENT RULE ONLY

CR-103P (December 2017)
(Implements RCW 34.05.360)

Agency: Washington State Liquor and Cannabis Board

Effective date of rule:

Permanent Rules

- ☒ 31 days after filing.
☐ Other (specify) _ (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

- ☐ Yes ☒ No If Yes, explain:

Purpose: Chapter 314-55 WAC. The Washington State Liquor and Cannabis Board (Board) has adopted amendments to modernize existing rule, and establish 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.

Citation of rules affected by this order:

New: WAC 314-55-570

Repealed: _____

Amended: WAC 314-55-015; WAC 314-55-020; WAC 314-55-040; WAC 314-55-045; WAC 314-55-050; WAC 314-55-055; WAC 314-55-070; WAC 314-55-079; WAC 314-55-082; WAC 314-55-110; WAC 314-55-120; WAC 314-55-125; WAC 314-55-137.

Suspended: _____

Statutory authority for adoption: RCW 69.50.335; RCW 69.50.336; RCW 69.50.342.

Other authority: RCW 69.50.335; RCW 69.50.336; second Substitute House Bill (2SHB) 1210, Chapter 16, Laws of 2022.

PERMANENT RULE (Including Expedited Rule Making)

Adopted under notice filed as WSR 22-16-119 on August 3, 2022 (date).

Describe any changes other than editing from proposed to adopted version:

WAC 314-55-045(2): removed inadvertent reference to true party of interest violation when reference should have been to violation history.

WAC 314-55-079(1)(a): changed word "marijuana" to "cannabis" in first line.

WAC 314-55-079(2): changed "www.lcb.wa.gov" to "lcb.wa.gov."

WAC 314-55-079(2)(b): changed "www.lcb.wa.gov" to "lcb.wa.gov."

WAC 314-55-110(4)(a): changed word "marijuana" to "cannabis."

WAC 314-55-570(3)(c)(8): corrected typographical error in scoring rubric under Eligibility Requirement 1a, regarding length of time in a disproportionately impacted area (DIA). 5 years to 10 years in a DIA was changed from 10 points to 20 points; 10+ years was changed from 20 points to 40 points.

Added word "Maximum" between "Total" and "Points" at the end of the scoring rubric.

WAC 314-55-570(6): Added further clarification as new subsection (c) about when the board will withdraw a social equity application, and renumbered section.

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

Name: Katherine Hoffman
Address: 1025 Union Avenue SE, Olympia WA 98501
Phone: 360-664-1622
Fax: 360-664-3208
TTY:
Email: rules@lcb.wa.gov
Web site: www.lcb.wa.gov
Other:

**Note: If any category is left blank, it will be calculated as zero.
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.
A section may be counted in more than one category.**

The number of sections adopted in order to comply with:

Federal statute:	New	_____	Amended	_____	Repealed	_____
Federal rules or standards:	New	_____	Amended	_____	Repealed	_____
Recently enacted state statutes:	New	_____	Amended	13	Repealed	_____

The number of sections adopted at the request of a nongovernmental entity:

New	_____	Amended	_____	Repealed	_____
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The number of sections adopted on the agency's own initiative:

New	_____	Amended	<u>13</u>	Repealed	_____
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The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New	_____	Amended	_____	Repealed	_____
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The number of sections adopted using:

Negotiated rule making:	New	_____	Amended	_____	Repealed	_____
Pilot rule making:	New	_____	Amended	_____	Repealed	_____
Other alternative rule making:	New	<u>1</u>	Amended	13	Repealed	_____

Date Adopted: October 12, 2022

Name: David Postman

Title: Chair

Signature:

Place signature here

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

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.

[Statutory Authority: RCW 69.50.325, 69.50.342, 69.50.345, and 69.50.369. WSR 18-22-055, § 314-55-015, filed 10/31/18, effective 12/1/18. Statutory Authority: RCW 69.50.342 and 69.50.345. WSR 16-11-110, § 314-55-015, filed 5/18/16, effective 6/18/16; WSR 15-11-107, § 314-55-015, filed 5/20/15, effective 6/20/15. Statutory Authority: RCW 69.50.325, 69.50.331, 69.50.342, 69.50.345. WSR 13-21-104, § 314-55-015, filed 10/21/13, effective 11/21/13.]

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) (c), 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.

[Statutory Authority: RCW 69.50.342 and 69.50.345. WSR 21-02-096, § 314-55-020, filed 1/6/21, effective 2/6/21. Statutory Authority: RCW 69.50.325, 69.50.342, 69.50.345, and 69.50.369. WSR 18-22-055, § 314-55-020, filed 10/31/18, effective 12/1/18. Statutory Authority: RCW 69.50.342 and 69.50.345. WSR 16-11-110, § 314-55-020, filed 5/18/16, effective 6/18/16; WSR 15-11-107, § 314-55-020, filed 5/20/15, effective 6/20/15. Statutory Authority: RCW 69.50.325, 69.50.331, 69.50.342, 69.50.345. WSR 13-21-104, § 314-55-020, filed 10/21/13, effective 11/21/13.]

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. [Statutory Authority: RCW 69.50.331 and 69.50.342. WSR 21-18-125, § 314-55-040, filed 9/1/21, effective 10/2/21. Statutory Authority: RCW 69.50.342 and 69.50.345. WSR 16-11-110, § 314-55-040, filed 5/18/16, effective 6/18/16; WSR 15-11-107, § 314-55-040, filed 5/20/15, effective 6/20/15. Statutory Authority: RCW 69.50.325, 69.50.331, 69.50.342, 69.50.345. WSR 13-21-104, § 314-55-040, filed 10/21/13, effective 11/21/13.]

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((,)) who has 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:

((Violation Type (see WAC 314-55-515)	Period of Consideration
• Three or more public safety violations;	• Violations issued within three years of the date the application is received

((Violation Type (see WAC 314-55-515)	Period of Consideration
	by the board's licensing and regulation division.
• Four or more regulatory violations; or	
• One to four, or more license violations.	• Violations issued within the last three years the true party(ies) of interest were licensed.-))
<u>Violation Type</u> <u>(See WAC 314-55-509)</u>	<u>Period of Consideration</u>
<u>Three or more Category II violations (WAC 314-55- 521) or Category III violations (WAC 314-55- 522)</u>	<u>Violations issued within two years of the date the application is received by the board's licensing and regulation division.</u>
<u>Four or more Category IV violations (WAC 314-55- 523)</u>	
<u>One to four or more Category V violations (WAC 314-55-524) or Category VI violations (WAC 314-55-525)</u>	

[Statutory Authority: RCW 69.50.342 and 69.50.345. WSR 16-11-110, § 314-55-045, 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, § 314-55-045, filed 10/21/13, effective 11/21/13.]

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

standards 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 ~~((411))~~ (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).

~~((411))~~ (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 ~~((410))~~ (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.))~~

[Statutory Authority: RCW 69.50.325, 69.50.342, 69.50.345, and 69.50.369. WSR 18-22-055, § 314-55-050, filed 10/31/18, effective 12/1/18. Statutory Authority: RCW 69.50.342 and 69.50.345. WSR 16-11-110, § 314-55-050, filed 5/18/16, effective 6/18/16; WSR 14-06-108, § 314-55-050, filed 3/5/14, effective 4/5/14. Statutory Authority: RCW 69.50.325, 69.50.331, 69.50.342, 69.50.345. WSR 13-21-104, § 314-55-050, filed 10/21/13, effective 11/21/13.]

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. [Statutory Authority: RCW 69.50.325, 69.50.342, and 69.50.345. WSR 18-12-046, § 314-55-055, filed 5/30/18, effective 6/30/18.]

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.

[Statutory Authority: RCW 69.50.342 and 69.50.345. WSR 16-11-110, § 314-55-070, 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, § 314-55-070, filed 10/21/13, effective 11/21/13.]

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, 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))~~ 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~~)) 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 ((~~criminal 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 ((~~criminal 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.

[Statutory Authority: RCW 69.50.342 and 69.50.345. WSR 21-15-124, § 314-55-079, filed 7/21/21, effective 8/21/21. Statutory Authority: RCW 69.50.325, 69.50.342, 69.50.345, and 69.50.369. WSR 18-22-055, § 314-55-079, filed 10/31/18, effective 12/1/18. Statutory Authority: RCW 69.50.342, 69.50.345, 2016 c 170, 2016 c 171, and 2016 c 17. WSR 16-19-102, § 314-55-079, filed 9/21/16, effective 10/22/16. Statutory Authority: RCW 69.50.342 and 69.50.345. WSR 16-11-110, § 314-55-079, filed 5/18/16, effective 6/18/16; WSR 15-11-107, § 314-55-079, filed 5/20/15, effective 6/20/15; WSR 14-10-044, § 314-55-079, filed 4/30/14, effective 5/31/14. Statutory Authority: RCW 69.50.325, 69.50.331, 69.50.342, 69.50.345. WSR 13-21-104, § 314-55-079, filed 10/21/13, effective 11/21/13.]

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 property 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.

[Statutory Authority: RCW 69.50.325, 69.50.342, 69.50.345, and 69.50.369. WSR 18-22-055, § 314-55-082, filed 10/31/18, effective 12/1/18. Statutory Authority: RCW 69.50.342 and 69.50.345. WSR 16-11-110, § 314-55-082, 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, § 314-55-082, filed 10/21/13, effective 11/21/13.]

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))~~) cannabis, 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.

[Statutory Authority: RCW 69.50.342 and 69.50.345. WSR 16-11-110, § 314-55-110, filed 5/18/16, effective 6/18/16.]

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"):

Type of change	Type of application	Fee
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.

[Statutory Authority: RCW 69.50.325, 69.50.342, 69.50.345, and 69.50.369. WSR 18-22-055, § 314-55-120, filed 10/31/18, effective 12/1/18. Statutory Authority: RCW 69.50.342 and 69.50.345. WSR 16-11-110, § 314-55-120, 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, § 314-55-120, filed 10/21/13, effective 11/21/13.]

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.

[Statutory Authority: RCW 69.50.325, 69.50.342, 69.50.345, and 69.50.369. WSR 18-22-055, § 314-55-125, filed 10/31/18, effective 12/1/18. Statutory Authority: RCW 69.50.325, 69.50.331, 69.50.342, 69.50.345. WSR 13-21-104, § 314-55-125, filed 10/21/13, effective 11/21/13.]

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 (~~(98501)~~) 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
licensingappeals@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.

[Statutory Authority: RCW 69.50.325, 69.50.342, 69.50.345, and 69.50.369. WSR 18-22-055, § 314-55-137, filed 10/31/18, effective 12/1/18.]

NEW SECTION

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

Definitions.

(a) **"Disproportionately impacted area (DIA)"** 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) **"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, or sibling of a child as defined in (b)(i) of this subsection;

(iii) Spouse or domestic partner;

(iv) 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, or that the individual care for the applicant and that the applicant depends on the individual for care.

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

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

(e) **"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.

(f) **"Social equity program applicant"** means a person(s) who meets the requirements of the social equity program.

(g) **"Social equity contractor"** means a third party responsible to review and score social equity program applications.

(h) **"Social equity licensee"** means a person or entity that holds a social equity cannabis license or any person or entity who is a true party of interest in a social equity in cannabis license as described in WAC 314-55-035.

(i) **"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 as described in statute;

(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.

(j) **"Social equity title certificate holder"** means a cannabis retail license title certificate holder that meets the requirements of a social equity program applicant as determined by the social equity contractor, and is unable to open for business in the city or county where the cannabis retail license is located.

(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 five years between 1980 and 2010; 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 in the year prior to submitting the application was less than the 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 an initial period of 30 calendar days.

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

(A) After initial evaluation of applications is received and locations are still available; or

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

(b) **Initial application requirements.**

(i) The social equity application must be submitted electronically through the department of revenue's business licensing online application system.

(ii) The social equity applicant must apply to the department of revenue's business licensing service within the 30-day application window. All required information must be completed on the application and payment must be submitted within the 30-day application window for the application to be accepted.

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

(iv) An application to reinstate the license of a social equity title certificate holder will not be considered a new social equity license application. The social equity title certificate holder may submit an application for a social equity license and an application to reinstate their existing license through the social equity program.

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

(c) **Social equity contractor review.** Once the application window is closed, the social equity contractor will evaluate and prioritize all applications received within the 30-day application window.

(i) The social equity applicant must select one county where they wish to operate their business and notify the social equity contractor of their selection in the form and manner required by the social equity contractor.

(ii) The social equity applicant must submit documentation verifying the eligibility requirements described in (c)(D)(viii) of this subsection to the social equity contractor in the form and manner required by the social equity contractor.

(iii) Examples of documentation that may verify eligibility requirements include, but are not limited to:

(A) School records, rental agreements, utility bills, mortgage statements, loan documents, bank records, or tax returns that show the applicant's address(es), or a signed declaration that includes the applicant's address(es) indicating that the applicant resided in a DIA; or

(B) The applicant's arrest or conviction records, or family member's arrest or conviction records and an affirmation of the familial relationship signed by the applicant and the family member; or

(C) The applicant's tax returns demonstrating their income for the prior year; or

(D) Any other documentation that verifies the eligibility requirements described in (c)(D)(viii) of this subsection.

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

(v) The social equity applicant must submit complete and accurate additional application materials directly to the social equity 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 social equity contractor.

(vi) If the application is determined to be incomplete by the social equity contractor, the social equity applicant will be provided with 14 days to submit a complete application. The social equity contractor will score the application based on the materials submitted within the time frame.

(vii) The social equity contractor will review the application materials, including the social equity plan provided by the social equity applicant to determine if the applicant meets the requirements of a social equity applicant.

(viii) 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:

Social Equity Application Scoring Rubric		
Category	Eligibility Requirements	Point Scale
	1. Lived in a disproportionately impacted area (DIA)	40
	1a. How long have you lived in a DIA? 5y -10y = 20 points 10 + years = 40 points	40
	2. Convicted of a drug offense? (Self)	10
	2a. Convicted of a cannabis offense? (Self)	40
	3. Convicted of a drug offense? (Family)	5
	3a. Convicted of a cannabis offense? (Family)	5

Social Equity Application Scoring Rubric		
Category	Eligibility Requirements	Point Scale
	4. If you were convicted of a cannabis offense, what type of sentence did you receive: Fine = 10 points Served probation = 20 points Confined to home = 40 points Served time in jail or prison = 80 points	80
	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 or arrests?	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. Did you own or operate a medical cannabis dispensary or collective garden, licensed as a business, prior to July 1, 2016 (10 points)? or Did you own and operate a medical cannabis dispensary or collective garden licensed as a business in a DIA (30 points)?	10 30 in a DIA
	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	10
	Total Maximum Points	310 points

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

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

(d) (i) **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.

(ii) In the event of a tie, the board will use a double blind lottery conducted by an independent third party to identify the application(s) that will be processed.

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

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

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

(d) **License mobility.** 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 WAC 314-55-077 and this chapter to receive a license.

(f) **License transfer and assumption.** Licenses awarded under this section may not be transferred or assumed within the first year of the license being issued. Licenses awarded under this section may only be transferred to or assumed by individuals or groups of individuals who meet the definition of a social equity program applicant for a period of five years from the date of the initial license was approved.

(5) **Social equity title certificate holders.** A title certificate holder that meets the requirements of a social equity program applicant as determined by the social equity contractor may reinstate their retail cannabis license anywhere within the county that they hold their title certificate.

(6) **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;

(c) The social equity applicant is not selected to continue with the licensing application process; or

(d) 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.

[]



Notice of Permanent Rules

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

This concise explanatory statement concerns the Washington State Liquor and Cannabis Board's (WSLCB) adoption of amendments to chapter 314-55 WAC, and new rule sections to establish the Social Equity in Cannabis Program.

The Administrative Procedure Act (RCW 34.05.325(6)) requires agencies to complete a concise explanatory statement before filing adopted rules with the Office of the Code Reviser. The concise explanatory statement must be provided to any person upon request, or from whom the WSLCB received comment.

The WSLCB appreciates and encourages your involvement in the rule making process. If you have questions, please contact Katherine Hoffman, PhD, Policy and Rules Manager, at (360) 664-1622 or e-mail at rules@lcb.wa.gov.

Background and reasons for adopting these rules:

Established in 2020, RCW 69.50.336 created the Social Equity in Cannabis Task Force (Task Force) responsible for, among other things, making recommendations to the Washington State Liquor and Cannabis Board (WSLCB). RCW 69.50.335, also established in 2020, gave the WSLCB authority to create the Social Equity in Cannabis Program, consistent with Task Force 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, licensing, and other topics.

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 by reducing barriers to entry in the licensed system. WSLCB also explored where additional revisions could be made within its statutory authority, and began to lay the groundwork to assure that the agency was positioned to respond as quickly as possible under the Administrative Procedures Act when Task Force recommendations became available.

The Task Force issued recommendations on January 6, 2022. The agency carefully reviewed and analyzed each recommendation pertaining to rules that would establish the Social Equity in Cannabis Program. The adopted rules incorporate those recommendations to the extent

possible and in a way that intentionally and specifically centers equity within the regulatory framework and associated administrative process.

These rules are needed to implement the Social Equity in Cannabis program as described in RCW 69.50.335 and .336, 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.

Rulemaking history for this adopted rule:

CR 101 – filed October 27, 2021 as WSR #21-22-042

CR 102 – filed August 3, 2022 as WSR #22-16-119

Public hearing held September 14, 2022.

The effective date of these rules is November 12, 2022.

Public comment received on the rule proposal:

1. Email from Phillip Petty, received August 3, 2022:

From: [Philip Petty](#)
To: [LCB DL Rules](#)
Subject: I Wish to Comment
Date: Wednesday, August 3, 2022 2:16:37 PM

External Email

Sent from my iPhone

WSLCB response: The WSLCB appreciates this comment, and participation in the rulemaking process. The WSLCB looks forward to your continued participation in future policy and rule development projects.

Was the comment reflected in the adopted rule? This comment was not reflected in the final rules.

2. Email from Bob Ramstad, received August 3, 2022:

From: [Bob Ramstad](#)
To: [Hoffman, Katherine \(LCB\)](#); [Nordhorn, Justin T \(LCB\)](#)
Subject: meta comment
Date: Wednesday, August 3, 2022 2:34:34 PM

External Email

Hi there, this is meta, but I wanted to bring it up.

I find it really odd that the social equity rulemaking -- which is complicated, somewhat controversial, and has been restarted -- has been conjoined with the change of the word marijuana to cannabis -- which is something required by the legislature and is super limited in scope.

I have concerns that the social equity portion will bog down again, and the marijuana to cannabis language will end up being not implemented or delayed.

I am sure there are reasons as to why these are merged together but from my end it seems like a super bad idea, particularly as there was a very clean publication of the marijuana to cannabis language change that happened before.

I'm just kind of baffled here.

Obviously just one persons opinion.

--

Bob Ramstad, Owner
Paradoxical, Inc. dba OZ.
Marijuana Retailer 415348
UBI 603-356-552 001 0003
3831 Stone Way N
Seattle WA 98103
(206) 251-0630
<http://www.ozseattle.com/>

WSLCB response: The WSLCB appreciates this comment, and participation in the rulemaking process. The WSLCB looks forward to your continued participation in future policy and rule development projects.

This project preceded the enactment of legislation to change the word “marijuana” to “cannabis” throughout Washington state statute. Since the rule sections that are part of this project were already open and being revised at the time Second Substitute House Bill 1210 was enacted, the agency could not include them in our overarching rule project to change the word “marijuana” to “cannabis” that occurred under [WSR #22-14-111](#) since rule sections can be opened by one CR 101 at a time. As a result, technical changes to existing rule as described in the CR 102 and CR 102 memo for this project included the required word replacement.

The new rule section, WAC 314-55-570 that establishes the Social Equity in Cannabis program uses the word “cannabis” throughout. The agency does not agree that compliance with a statutory mandate to change a word in existing rule will delay new rule adoption or subsequent program implementation.

Was the comment reflected in the adopted rule? This comment was not reflected in the final rules.

3. Email from H.J. Norris, received August 3, 2022:

From: [Mr. Doobees](#)
To: [LCB DL Rules](#)
Subject: Opinions on Fairness & Validity of offering Retail Cannabis Licenses to a SPECIAL INTEREST GROUP, at the expense of the Existing Retail License Holders
Date: Wednesday, August 3, 2022 4:47:59 PM

External Email

LCB Board Action: Proposed rules filed for amendments and new rule sections to establish the Social Equity in Cannabis Program

Opinions on Fairness & Validity of offering Retail Cannabis Licenses to a SPECIAL INTEREST GROUP, at the expense of the Existing Retail License Holders and the ENTIRE population of State Voting Citizens and Constituents

The Retail Cannabis License Holders endured the LCB and Washington Legislature handing out up to and in majority cases 3 Licenses to Grow, Produce, and/or establish a Retail Store to Quasi, previously Unlicensed and non-tax paying to State, as Medical Dispensaries Fronts operating prior to the overwhelming vote approval by Washington State Constituents to have Cannabis Recreational and Medical Cannabis sale legalized in the State.

The State Legislature and LCB sanctioned a "LOTTERY" for ALL original licenses to be distributed based on number licenses tied to demographic population count for each of the geographical areas established by State Legislators and LCB to be awarded initially in 2014

Then in the bowing to SPECIAL INTEREST GROUPS by the State Legislature and LCB, in approximately 2018-2019 time period up to 3 Licenses were GIVEN to those individuals that showed to LCB that they had operated a Quasi Medical Dispensary, and even to those that were Veterans that had NOT operated a Quasi Medical Dispensary

Those that participated in the Original State Lottery and we're

extremely fortunate to be selected from what was to be a BLIND selection process to receive a single license in majority of selection process, did NOT HAVE or EVEN RECEIVE an opportunity to participate in a possibility of being able to secure another license, this INCLUDED THOSE OF COLOR

The State Legislature and LCB just handed out 3 NEW Cannabis Licenses to those that NEVER paid a dime in TAX REVENUE to State of Washington, as well operated for years illegally, collecting revenue un-taxed by State and Federal, and operating in the highest illegal environment selling to who ever had the cash, with NO ACCOUNTING who or what age the customer

80 plus percent of those licenses handed out to those Quasi Un-regulated, Un-licensed, Non-Tax paying individuals were packaged by those individuals and their attorneys and SOLD to 3rd Parties at extremely HIGH PRICES, and those licenses NEVER were implemented by those recipients to start a business - EXTREMELY SAD STATE OF AFFAIRS conducted by State Legislature and LCB - A WILLY-NILLY at best caving to SPECIAL INTEREST GROUPS pressuring State Legislators and LCB to fold and cave to political pressures because some individuals were NOT fortunate enough to WIN a LICENSE via the Original Lottery - Shame on the State Legislators and LCB Management to participate in this blatant display of POOR MANAGEMENT OF RESOURCES

Again NOW the State Legislature and LCB Management are REPEATING their inability to EXHIBIT POSITIVE MANAGEMENT SKILLS in STEWARDSHIP of VITAL RESOURCES in FAIR COMPETITION to ALL Washington State CONSTITUENTS at having an EQUAL OPPORTUNITY to PARTICIPATE

The Original Lottery Entrance Fee was ONLY \$250 to participate, EVERY Washington State Citizen/Constituent was AFFORDED an EQUAL OPPORTUNITY to PARTICIPATE

Why NOW for a SECOND TIME is the State Legislature and LCB Board Members/Management CAVING into another SPECIAL INTEREST GROUP, that after 8 years NOW STATES they were LEFT

OUT and DISCRIMINATED against in NOT SECURING a Cannabis Retail License

IT CLEARLY APPEARS that ONLY Cannabis Retail Licenses are going to be AWARDED to those CITIZEN/CONSTITUENTS of COLOR and NO OTHER equally Important and Valued CITIZEN/CONSTITUENT of NON-COLOR will have an OPPORTUNITY to PARTICIPATE

EVERY State Legislator and LCB Board Member/Management Individual SHOULD LOOK in the MIRROR and ask that Individual they see in the mirror WHAT THE HELL ARE YOU DOING to the PROCESS of EQUALITY of PARTICIPATION - YOU ARE DESTROYING the Self-Worth, NOT Holding an Individual to having the RESPONSIBILITY to pursue an OPPORTUNITY, or PROVIDING the PURSUIT of an OPPORTUNITY through POSITIVE EFFORT

GIVING away something for NO-SWEAT EQUITY, NO-SKIN IN THE GAME, NO-INTENSITY TO ACHIEVE A GOAL, will ALWAYS IN ALL WAYS result in that INDIVIDUAL FAILING to SUCCESS and PROSPER

GIVING CANNABIS LICENSES AWAY again to those that DO NOT COMMIT TO EFFORT to ACHIEVE, will just as with Quasi Medical Dispensary and Veterans given Cannabis License will be SOLD to 3rd Parties within 90 day of receiving from the LCB

THIS ACTION by the State Legislature and LCB Board/Management is a TRUE ABOMINATION and TRUE lack of QUALITY LEADERSHIP, that in the END RESULT will again become a FAILURE just as occurred with awarding Cannabis Licenses to the Lawless Group of Quasi Medical Dispensary operators and Veterans that received Cannabis Licenses, and chose to CASH OUT rather than EMBRACE THE OPPORTUNITY provided to build a business for success, prosperity and a future that paid dividends consistently, with an added future business value far exceeding the dividends received for a solid retirement security

ALL REMAINING Cannabis Licenses SHOULD BE distributed BASED

UPON a LOTTERY by Geographical Demographic locations to provide a quality of business environment opportunity so that that Licensee can survive and prosper, and in return the State Washington can benefit from having HEALTHY Cannabis businesses that provide steady TAX REVENUE that benefits ALL STATE CITIZENS and CONSTITUENTS

TO MUCH COMMON SENSE and LOGIC, but the words above PRODUCE and PROVIDE a FAR MORE POSITIVE OUTCOME in ALL WAYS ALWAYS

H J

--
Sincerely,

H J Norris
Managing Member

Mr Doobees
mrdoobees@gmail.com
Seaview Retail Store: 360-777-3065
USPS Mail: POB 152 - Seaview, WA 98644

WALCCB License #424-190
WAUBI: 603-412-363

Retail Store Location:
1410 - 40th Street
Hwy 101 and Pacific Avenue
Seaview, WA 98644
Across Street from "Visitors Center" - Long Beach
At the Gateway to the Worlds Longest Beach - Long Beach (28 miles)

WSLCB response: The WSLCB appreciates this comment, and participation in the rulemaking process. The WSLCB looks forward to your continued participation in future policy and rule development projects.

Was the comment reflected in the adopted rule? This comment was not reflected in the final rules.

4. Email from Mark Doll, received August 3, 2022:

From: [Mark Doll](#)
To: [LCB DL Rules](#)
Subject: Public Comments In Regards to the Following:Fwd: LCB Board Action: Proposed rules filed to establish the Social Equity in Cannabis Program
Date: Wednesday, August 3, 2022 2:14:49 PM

External Email

I am a disabled individual and have attempted to reach out to multiple people involving this program but have not gotten a response from the individuals involved, likely because of my race being Caucasian.

I completely agree with the social equity aspect of this program, but my opinion is it should include handicapped individuals and disabled individuals also regardless of race or social equity. If there is a lottery involved and the program would include handicapped individuals, I would like to apply for the chance of obtaining a retail license.

Thank you for your time and consideration
Mark Doll
Liberty Lake, WA
509-720-1924

Sent from my iPhone

Begin forwarded message:

From: Washington State Liquor and Cannabis Board
<wsxcb@public.govdelivery.com>
Date: August 3, 2022 at 2:04:00 PM PDT
To: dollm51@hotmail.com
Subject: LCB Board Action: Proposed rules filed to establish the Social Equity in Cannabis Program
Reply-To: wsxcb@public.govdelivery.com

WSLCB response: The WSLCB appreciates this comment, and participation in the rulemaking process. The WSLCB looks forward to your continued participation in future policy and rule development projects.

Was the comment reflected in the adopted rule? This comment was not reflected in the final rules.

5. Email received from Brendan Howley, received August 3, 2022:

From: Brendan Howley <chuckanutbrendan@gmail.com>
Sent: Wednesday, August 3, 2022 4:58 PM
To: LCB DL Rules
Subject: Social Equity!?!

Follow Up Flag: Follow up
Flag Status: Flagged

External Email

Dear bureaucrats:

Eight years into the process, with MSOs now dominating the landscape, and the WSLCB is only NOW talking social equity?

Please...

Well, there is just nothing tastier than leftover crumbs for the commoners, eh?

The ball on Washington State 'social equity' has already been dropped, dear officials.

You have to show up during the first nine innings to score social equity points.

Nice effort...better luck next time.

Brendan Howley
Artizen Cannabis Company

WSLCB response: The WSLCB appreciates this comment, and participation in the rulemaking process. The WSLCB looks forward to your participation in future policy and rule development projects.

Was the comment reflected in the adopted rule? This comment was not reflected in the final rules.

6. Email from Christine Bowen, received August 4, 2022:

From: Christine Bowen <drbowel@gmail.com>
Sent: Thursday, August 4, 2022 11:05 PM
To: LCB DL Rules
Subject: Social equity in cannabis comment from Dr. Bowen

External Email

Sorry, this comment is on the fly and I welcome further conversation.

The people who need access to affordable cannabis therapies the most are the same people that will experience the most barriers to access.

- Recreational cannabis laws built on the backs of medical cannabis laws and then quickly excluded the medical patient overnight ☹️
- Many people with chronic medical conditions that would qualify for medical authorizations are living at or well below the federal poverty level and cannot afford recreational cannabis, even with a medical endorsement discount.
- Please consider the societal stigma against BIOOC populations in general let alone where cannabis is concerned.
- Stigma against self medication with cannabis in mental health
- People of color experiencing disproportionate sentences for small drug related crimes to prison system
- More likelihood of being at risk of chronic illness
- More risk of poor health outcomes and complications
- When we transitioned to recreational cannabis, they medical patients we're excluded when access became worse

Sent from my iPhone

WSLCB response: The WSLCB appreciates this comment, and participation in the rulemaking process. The WSLCB looks forward to your participation in future policy and rule development projects.

Was the comment reflected in the adopted rule? This comment was not reflected in the final rules.

7. Email from Tami Mendonca, received August 5, 2022:

From: Discovery Garden Cannabis <info@dgcannabis.com>
Sent: Friday, August 5, 2022 5:38 PM
To: LCB DL Rules
Subject: Social Equity in Cannabis

External Email

Social equity is a political ideology and not one that should be considered in awarding the retail licenses. If you want to be truly non discriminatory, then be non discriminatory by allowing all to have a chance at a license and not just those highly protected groups of people. This is discriminatory and unfair to those who may be white and straight and male. Why discriminate against that class of people? Makes no sense. I do not support this investment of our taxpayer money.

Tami Mendonca

WSLCB response: The WSLCB appreciates this comment, and participation in the rulemaking process. The WSLCB looks forward to your participation in future policy and rule development projects.

Was the comment reflected in the adopted rule? This comment was not reflected in the final rule.

8. Email from Paula Sardinias, received August 5, 2022:

From: Paula Sardinias <paulasardinias@fmsglobalstrategies.com>
Sent: Friday, August 5, 2022 9:43 AM
To: Postman, David (LCB); Vollendroff, Jim (LCB); Garrett, Ollie A (LCB); Smith, Rebecca (LCB); Hoffman, Katherine (LCB); Garza, Rick J (LCB)
Subject: WSLCB Social Equity Rule (FMSG Response)

External Email

Good morning Chair Postman, Board Members, and Directors Garza and Smith,

Unfortunately, my schedule does not always allow me to attend the Board meetings. I have heard from my Director of Community Engagement and, most notably, our community advocates—they are very well pleased with the rule. Thank you for allowing me to work with you on this arduous process. It has taken almost three years for us to get here, and the process was not easy.

We've strived to provide non-bias, open communication throughout the SE journey. Our goal has always been a program that would create generational wealth and repair the actual harms of IS02 while also being able to withstand legal challenges. As an advocate, I feel that work was done here. It was done bravely, courageously, and through the lens of equity.

All of us (the Agency, Board, and my firm) have had to endure relentless criticisms from the very same community we strive to help. At times, it hardly seemed worth the effort. You all as an Agency are to be commended for staying the course and always doing what was right. It has not gone unnoticed.

Our team looks forward to a continued collaborative relationship as we move forward. We must still resolve issues from the past; to ensure they are not repeated in this and future processes. I'm confident together—we can get this critical work done.

In service to the community,

Paula F. Sardinias, NBPLA (she/her/ella)

President & CEO
Founder of the WA Build-Back Black Alliance
Phone: (206) 823-9344
Email: paulasardinias@fmsglobalstrategies.com
WBBA: <https://www.fmsglobalstrategies.com/wbba>
Website: <https://www.fmsglobalstrategies.com/>

WSLCB response: The WSLCB appreciates this comment, and the demonstration of collaborative participation in the rulemaking process. The WSLCB looks forward to your continued partnership on future policy and rule development projects.

Was the comment reflected in the adopted rule? This comment was not reflected in the final rule.

9. Email from Jeffrey Wyrwitzke, received August 15, 2022:

From: [Jeffrey Wyrwitzke](#)
To: [LCB DL Rules](#)
Subject: E2SHB 2870
Date: Monday, August 15, 2022 5:34:36 PM

External Email

I am totally opposed to this bill in any form creating a point system that would give people convicted of a drug-related crime, and did prison time, preferential treatment when applying for a retail cannabis license. I am especially opposed to this bill because it uses taxpayer money. I do not want to support the marketing/sale of cannabis in any way, shape, or form.

Thank you,

Jeffrey Wyrwitzke
7909 207th Street Ct E
Spanaway, WA 98387
253-686-6477
fyrmedic@comcast.net

WSLCB response: The WSLCB appreciates this comment, and participation in the rulemaking process. The WSLCB looks forward to your continued participation in future policy and rule development projects.

Was the comment reflected in the adopted rule? This comment was not reflected in the final rules.

10. Email from Thomas Proietti, received August 15, 2022:

From: [THOMAS PROIETTI](#)
To: [LCB DL Rules](#)
Subject: Point system for cannabis sales?
Date: Monday, August 15, 2022 7:55:08 PM

External Email

I cannot believe that we have legislation that will permit people who have broken laws and did jail time to get preferential treatment and taxpayer money to start a business selling drugs? Is it just me or is this just the dumbest thing I've ever heard of? I do not support anything like this and cannot believe that we're even talking about it.

WSLCB response: The WSLCB appreciates this comment, and participation in the rulemaking process. The WSLCB looks forward to your participation in future policy and rule development projects.

Was the comment reflected in the adopted rule? This comment was not reflected in the final rules.

11. Email from Johanna Tuttle, received August 26, 2022:

From: [Johanna Tuttle](#)
To: [LCB DL Rules](#)
Cc: johanna.tuttle@insight.com
Subject: Social Equity/ Purposed rules
Date: Friday, August 26, 2022 1:07:33 PM

External Email

To whom it may concern

In the spirit of social equity in cannabis, I humbly would like to say to the rules committee, that the people who were directly impacted by the war on cannabis are those people with cannabis convictions and not just incarcerations. Therefore, I believe that the people who have a greater number of cannabis convictions should receive the highest points in the scoring rubric. In my opinion, sixty points for each conviction should be assessed.

Furthermore, time lived in a DIA neighborhood, while important, it should not be as significant as it is within the scoring rubric. You either did or did not live in one of these areas and that is all that should matter. In my opinion, forty points max for ever having resided in a DIA area should be assessed.

All that being said, I believe that the rest of the purposed rules and scoring rubric seem to be justified, fair, and within the intended scope of social equity in cannabis.

Thank You
J.H. Tuttle

WSLCB response: The WSLCB appreciates this comment, and participation in the rulemaking process. The WSLCB looks forward to your participation in future policy and rule development projects.

Was the comment reflected in the adopted rule? This comment was not reflected in the final rules.

12. Email from Steve Miller, received September 4, 2022:

From: [Steve Miller](#)
To: [LCB DL Rules](#)
Subject: Equity
Date: Sunday, September 4, 2022 9:24:47 AM

External Email

Gaslighting Racist Sexist Misandry as Equity is Abusive Socio-Economic Narcissism.

You have bastardized the word "Equity". Equity is what's left over after the work has been done and the bills paid, owner's equity.

You are practicing theft via gaslighting Racist Sexist Misandry as Equity, Affirmative Action, Diversity, Inclusion etc.

The environment is toxic.

Racist Sexist Misandry shouldn't be practiced, it should be illegal.

WSLCB response: The WSLCB appreciates this comment, and participation in the rulemaking process. The WSLCB looks forward to your participation in future policy and rule development projects.

Was the comment reflected in the adopted rule? This comment was not reflected in the final rules.

13. Email from George Flannery, received September 14, 2022:

From: [George Flannery](#)
To: [Davis, Sarah \(LCB\)](#); [Hoffman, Katherine \(LCB\)](#)
Cc: [Bamba, Kaitlin \(LCB\)](#); [LCB DL Rules](#); [Huesca, Tina \(LCB\)](#); [Postman, David \(LCB\)](#); [Garrett, Ollie A \(LCB\)](#); [Vollendroff, Jim \(LCB\)](#); [Dickson, Dustin P \(LCB\)](#); [Smith, Rebecca \(LCB\)](#)
Subject: Comment on DRAFT RULES for Social Equity in Cannabis
Date: Wednesday, September 14, 2022 11:57:27 AM

External Email

Hello Again,

I have additional comment on the draft Social Equity rules. I was going to bring this up at the LCB board meeting today during public comment for the social equity rules. However, I don't think I signed up correctly to comment, so I am making the comment here in writing.

In the draft rules, in Section 2(b)(iii) Qualification 3:, where the rule says "household income in the **prior year**" I believe the rule should be written to be "income in any year in the **prior five years**". I believe this would be more consistent with the approach taken in Qualification 2 where the length of time to live in a DIA was from 1980 to 2010. I believe this change is important because those who suffered serious damage from cannabis laws may have had a "good year" in the year right before these rules were created that puts them over the median household income, but nonetheless suffered years of reduced income as a direct result of cannabis prohibition. I know of one concrete case where this is true. Because the "2 out of 3 qualifications" is not in the underlying statute and is in fact a regulation written based on general authority granted by the statute to the LCB, I believe the LCB has the power to make this change in language pursuant to the statute. It doesn't make sense to be extremely loose on Qualification 2 and extremely tight on Qualification 3.

Thank you,

George Flannery,
george.flannery72@gmail.com

WSLCB response: The WSLCB appreciates this comment, and participation in the rulemaking process. The WSLCB looks forward to your participation in future policy and rule development projects.

Was the comment reflected in the adopted rule? This comment was not reflected in the final rule.

Oral Testimony Received During the Public Hearing

1. Peter Manning (in person)

Good afternoon Board Member Ollie Garrett, Board Member Chairman, Board Member Vollendroff. My name is Peter Manning with Black Excellence in Cannabis. We are pleased to move forward with LCB on these, the current presented today. We have some concerns about **mobility and we've stated this in the past**. We also have some concerns when it pertains to certificate holders. **We're not sure exactly how that will apply or how that will work out. As stated before, we look at...there's a very positive side to this, and** that is that the LCB under the leadership of David Postman has really taken a turn, has really reached out to the community, we do recognize that and we appreciate that. We have some concerns as stated.

Social equity is new to Washington and it's in its feeble stage. I think that what we have to do is to be careful of what we pile on top of it, and think the more we put on it the less likely it will succeed. A lot of people we know would like to see it fail for obvious reasons financial, and I also think that what we should do as a community, along with the LCB, we should also pay very close attention that the mobility issues are something we should look at and really understand that **that's what we should work on the most when it comes to social equity because** the people that were most harmed by the war on drugs, currently at it stands under the social equity bill that is being proposed or is going to get passed today or whatnot, is not going to really be equity in a sense, because the neighborhoods that we **grew up in, we won't be there to, we won't be allowed to open a store. We won't be in areas that we're familiar not with, and that people I that area that do not look like us or in our neighborhood. So I'm concerned there as well, what type of...how do we correct that, how do we deal with that and that's something that is troubling for me to grasp my mind around. I currently live in a DIA area, I stay in Skyway and Have a Heart is there, and that's right in my neighborhood and it's not Black owned. And the way we're moving with the social equity now, it looks like there won't be a Black owned store in that area because of the zoning issues and whatnot.**

But the point I'm trying to make here is that we see the LCB and what they're doing and we believe that you guys are moving in the right direction. We

applaud you guys for that but I just think that we've got to look at things a little closer and analyze it and see how we can make it work for everybody.

Thank you, that's all I have to say.

WSLCB response: The WSLCB appreciates this comment, and participation in the rulemaking process. The WSLCB looks forward to your participation in future policy and rule development projects.

Was the comment reflected in the adopted rule? This comment was not reflected in the final rules.

2. Mike Asai (in person)

Good morning Chair Postman and Board Members Ollie Garrett and Vollendroff, and to the public here. My name is Mike Assai with Emerald City Collective. We were the first downtown Seattle collective in 2010/2011. **I'm also the vice president of Black Excellence in Cannabis. I won't probably be as long as Peter, I'm usually long winded but not this morning.**

I want to back **everything that Peter said in regards to the mobility issue. As I've stated on many occasions, as Peter stated, this is a big issue going forward, and we do appreciate the hard work that LCB has put in. I've seen it, I've seen the changes, and I want to personally thank Ollie Garrett. I know she's been very instrumental before you arrived Postman and also Vollendroff, with all due respect, she was very instrumental in getting with Peter Manning and Paula Sardinias, and former Representative Pettigrew, and a lot of others, so I want to thank Ollie for all of her hard work in that. But we've still got some hard work to go, you know it's just going to look bad if we give these licenses out and there's no mobility. We understand that the Board is trying, with the mobility within the county, we believe that we should make it mobile within the state. However we can get it done, let's get it done. Let's work together, let's continue to work together, you know we're here to work together, we're not here to fight. We're going to agree, we're going to disagree, but I think we have a common goal, I see that from Governor Inslee, as he has stated before he's going to make some changes within the LCB so we do appreciate that. Also appreciate Rick Garza as well, I know he was here at a time that things were bad and I believe he's also here to make things right. So I want to thank him for that, but I'm going to hold him accountable, I'm going to hold Mr. Garza to that, as well as the LCB.**

With that being said, let's move forward. I've waited a long time just like a lot of other former dispensary owners have waited a long time and also those that are Black and Brown looking to get into the market have waited a long time. So we don't want any more delays, we want to move forward. COVID has delayed a lot of things and here we are two years later, we're just ready to get this thing

going, and continue to work with the LCB on the mobility issue, and also, and as **we know forty licenses is not enough for equity or equality, but we'll continue to** work for inclusion (unintelligible) and continue to work with the LCB to achieve the goal.

Thank you.

WSLCB response: The WSLCB appreciates this comment, and participation in the rulemaking process. The WSLCB looks forward to your participation in future policy and rule development projects.

Was the comment reflected in the adopted rule? This comment was not reflected in the final rules.

3. Shawn Curtis (online)

I wanted to speak to you guys about the social equity, that's about the licenses you guys are doing for felons that have been incarcerated for nonviolent drug offenses, if I'm correct?

I think that that's a very great opportunity for the people that have been incarcerated. I'm also looking into working, I'm working with a few state senators to set up a delivery service for cannabis to help bring in the revenue and help medical patients and that can't get around very well, and also to help minimize the people that are intoxicated on the streets, on the roads.

So I wanted to bring this proposal up and just wanted to get in touch with the Board and see where we could go from there. I would also like to find out about petitioning for one of those licenses for the felons and the social equity licenses and how I would go about that.

WSLCB response: The WSLCB appreciates this comment, and participation in the rulemaking process. The WSLCB looks forward to your participation in future policy and rule development projects, and will provide responses to the commenters questions outside the rule development process.

Was the comment reflected in the adopted rule? This comment was not reflected in the final rules.

Changes from Proposed Rules (CR-102) to the Rules as Adopted:

WAC 314-55-045(2): removed inadvertent reference to true party of interest violation when reference should have been to violation history.

WAC 314-55-079(1)(a): changed word "marijuana" to "cannabis" in first line.

WAC 314-55-079(2): changed "www.lcb.wa.gov" to "lcb.wa.gov."

WAC 314-55-079(2)(b): changed “www.lcb.wa.gov” to “lcb.wa.gov.”

WAC 314-55-110(4)(a): changed word “marijuana” to “cannabis.”

WAC 314-55-570(3)(c)(8): corrected typographical error in scoring rubric under Eligibility Requirement 1a, regarding length of time in a disproportionately impacted area (DIA). 5 years to 10 years in a DIA was changed from 10 points to 20 points; 10+ years was changed from 20 points to 40 points.

Added word “Maximum” between “Total” and “Points” at the end of the scoring rubric.

WAC 314-55-570(6): Added further clarification as new subsection (c) about when the board will withdraw a social equity application, and renumbered section.