



## Washington State Liquor and Cannabis Board

**Topic:** Petition for Adoption, Amendment, or Repeal of a State Administrative Rule – Reducing Annual Licensing Fees for Dormant Cannabis Producers

**Date:** December 7, 2022

**Presented by:** Jeff Kildahl, Policy and Rules Coordinator

### Background

On October 13, 2022, Jeff Merryman submitted a petition for adoption, amendment, or repeal of a state administrative rule. The petition requests that the agency create a new administrative rule to reduce annual license fees for cannabis producer licensees when the licensees shut down production for at least a year or more.

In the rule petition, Jeff Merryman stated that the purpose of this requested new rule is “To help minimize costs for a dormant business by reducing annual licensing fees to 10% of current rates if they go dormant for a year.” He stated the requested rule is needed because “Responsible growers need to shut down for a few years to help the market”, and that the rule would affect “All cannabis stakeholders”.

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

☐ The subject (or purpose) of this rule is: To help MINIMIZE costs for a dormant business by reducing ANNUAL LICENSING FEE'S to 10% of CURRENT RATES IF they go dormant for a year.

☐ The rule is needed because: RESPONSIBLE GROWERS NEED to shut down for a few YEARS to help the market.

☐ The new rule would affect the following people or groups: ALL CANNABIS STAKEHOLDERS.

### Issue

Whether the Board should initiate the rulemaking process to consider creating a new WAC section or rule amendment that would reduce annual licensing fees to 10% of the current rate for cannabis producer licensees who shut down all cannabis production for one year or more.

### Authority

#### Laws

RCW 69.50.325(1) establishes the cannabis producer's license and sets the annual fee for issuance and renewal of the cannabis producer's license at one thousand three hundred eighty-one dollars.

RCW 69.50.342(1)(i) authorizes the Board to adopt rules regarding application, reinstatement, and renewal fees for licenses issued under the chapter and chapter 69.51A RCW.

### *Rules*

WAC 314-55-075 explains the privileges, requirements, and fees of the cannabis producer's license, and establishes the annual fee for issuance and renewal of the license in rule at \$1,381.

### **Analysis**

In the message accompanying his petition, Mr. Merryman explains that the idea behind this request for a new rule is to “reward growers that shut down for at least a year or more so they only have to pay 10% of their licensing costs but they cannot have any clones, plants or product on site during their dormancy. Dormancy runs from January 1st to December 31st and if they come out of dormancy during that time they owe LCB that remaining 90% of their annual license fee for that year.”

Mr. Merryman further adds that “[s]eed stock is exempt because when a grower comes out of dormancy they'll need something to start with again. Seeds also don't test positive for THC levels over 0.3%”. He asserts that reduction the annual cannabis producer's licensing fee to 10% of the current rate for dormant producers is “desperately needed in our current market situation”.

While RCW 69.50.342(1)(i) authorizes the Board to adopt rules regarding application, reinstatement, and renewal fees for cannabis licenses, the annual fee for issuance and renewal of a cannabis producer's license is set in RCW 69.50.325(1) at one thousand three hundred eighty-one dollars.

In practice, the requested rules would require any cannabis producer licensee seeking a reduction in the annual renewal fee to declare their intention to remain dormant for one year, from January 1st through December 31st, before paying the reduced license fee for that one-year interval. A producer who would resume production during that one-year dormancy period would be required to remit the remaining balance of the annual renewal fee in order to repay amount discounted for the suspended production status.

To assure proper license renewal fees are paid under the requested rule, agency licensing staff would be required to track the production status and reduced renewal fees of producer's licenses in suspended production status, and collect additional payment fees from producers who decide to leave resume production during the year. The requested rule could also require agency staff to perform additional outreach to licensees to ensure that dormant producers alert the agency and fully renew their producer's license when they resume cannabis production.

### **Divisional, Interagency, Intergovernmental, DEIB, Social Equity and Other Impacts**

## ***Divisional***

### ***Licensing***

The requested rule would require Licensing staff to assess reduced fees from qualifying inactive producers, and ascertain when remaining balances are due from licensees when their cannabis production resumes.

### ***Enforcement & Education***

Enforcement and Education officers could be required to perform additional outreach to licensees to ensure that dormant producers alert the agency and fully renew their producer's licenses when they resume cannabis production.

### ***Finance***

The requested rule would have a fiscal impact in that reduced license revenue from cannabis producer licensees would reduce overall licensing revenue.

### ***Information Technology/Infrastructure***

The requested rule would not have clear impact on information technology or infrastructure.

### ***Public Health/Prevention***

The requested rule would not have clear impact on Public health and Prevention.

## ***Interagency***

### ***Department of Health (DOH)***

The requested rule would not have clear impact as it does not affect health rules or standards.

### ***Labor & Industries***

The requested rule does not appear to have any impact on Labor & Industries because it does not pertain to worker safety, medical care or financial health for injured workers, protecting workers age, hours, or breaks, or protecting the public from unsafe work or economic hardship.

## ***Intergovernmental***

### ***Tribes***

The requested rule does not appear to have any impact to tribes.

### ***DEIB, Social Equity***

The requested rule does not appear to have a clear DEIB or Social Equity impact, but a possible reduction in licensing fees could be factor considered by many producer licensees in planning for future operations.

### **Conclusion**

In the petition, Mr. Merryman expresses asks for a new rule to reduce licensing costs for producers who plan to suspend cannabis production by reducing the annual cannabis producer's license renewal fee by 90%, and requiring repayment of the full fee if cannabis production resumes during the year. While an individual cannabis producer licensee may decide to suspend cannabis production in response to economic conditions in the cannabis industry, the amount of the annual license renewal fee is dictated by state law. RCW 69.50.325(1) sets the cannabis producer's annual license fee at one thousand three hundred eighty-one dollars. As this amount is set by the Revised Code of Washington, a change to this amount in the requested rule would first require action by the either Legislature or the initiative process to amend RCW 69.50.325(1).

### **Recommendation**

Based on all of the above information and analysis reasons described above, Director's Office staff recommend that consistent with RCW 34.05.330(1)(a), the Board deny Jeff Merryman's rule petition request, received on October 13, 2022.

### **Board Action**

After considering the recommendation of Director's Office staff, the Board accepts/denies the petition for rulemaking received from Jeff Merryman on October 13, 2022.

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

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

\_\_\_\_\_  
Date

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

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

\_\_\_\_\_  
Date

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

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

\_\_\_\_\_  
Date

## **Attachments**

1. Email from Jeff Merryman received October 13, 2022, containing rule petition.
2. Agency reply sent October 13, 2022.
3. Laws and Rules cited under the “Authority” section above.

**From:** [Jeff Merryman](#)  
**To:** [LCB DL Rules](#)  
**Subject:** New rule  
**Date:** Thursday, October 13, 2022 11:20:49 AM  
**Attachments:** [IMG\\_20221013\\_111253.jpg](#)

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External Email

Hello,

I would like to submit a new rule creation for LCB stakeholders.

The idea is to reward growers that shut down for at least a year or more so they only have to pay 10% of their licensing costs but they cannot have any clones, plants or product on site during their dormancy.

Dormancy runs from January 1st to December 31st and if they come out of dormancy during that time they owe LCB that remaining 90% of their annual license fee for that year.

Seed stock is exempt because when a grower comes out of dormancy they'll need something to start with again. Seeds also don't test positive for THC levels over .3%

This rule is desperately needed in our current market situation.

Take care, Jeff Merryman





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

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

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

### CONTACT INFORMATION (please type or print)

Petitioner's Name Jeff MERRYMAN  
Name of Organization \_\_\_\_\_  
Mailing Address Po box 62  
City Littlerock State WA Zip Code 98556  
Telephone \_\_\_\_\_ Email Merrymanjc@hotmail.com

### COMPLETING AND SENDING PETITION FORM

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

### INFORMATION ON RULE PETITION

Agency responsible for adopting or administering the rule: Liquor Cannabis Board

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

- ☐ The subject (or purpose) of this rule is: To help minimize costs for a dermate business by reducing ANNUAL LICENSING FEE'S to 10% of CURRENT RATES IF they go dermate for a year.
- ☐ The rule is needed because: RESPONSIBLE GROWERS NEED to shut down for a few years to help the market.
- ☐ The new rule would affect the following people or groups: ALL CANNABIS STAKE holders.

**From:** [Kildahl, Jeff \(LCB\)](#)  
**To:** [Jeff Merryman](#); [LCB DL Rules](#)  
**Subject:** RE: New rule  
**Date:** Thursday, October 13, 2022 11:55:00 AM

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Good Morning,

Thank you for your petition to adopt, amend, or repeal state administrative rules.

Your petition was received today, Thursday, October 13, 2022. Consistent with RCW [34.05.330](#) and WAC [82-05-040](#), the Board has 60 days after submission of a rulemaking petition to either:

(a) deny the petition in writing, stating (i) its reasons for the denial, specifically addressing the concerns raised by the petitioner, and, where appropriate, (ii) the alternative means by which it will address the concerns raised by the petitioner, or

(b) initiate rule-making proceedings in accordance with RCW 34.05.320.

The Board will have until Monday, December 12, 2022, to take action as detailed above.

Please reach out to [rules@lcb.wa.gov](mailto:rules@lcb.wa.gov) if you have any questions or concerns.

Sincerely,

Jeff

Jeff Kildahl  
Policy and Rules Coordinator  
Washington State Liquor and Cannabis Board  
360-480-7960  
[jeff.kildahl@lcb.wa.gov](mailto:jeff.kildahl@lcb.wa.gov)

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**From:** Jeff Merryman <merrymanjc@hotmail.com>  
**Sent:** Thursday, October 13, 2022 11:21 AM  
**To:** LCB DL Rules <rules@lcb.wa.gov>  
**Subject:** New rule

External Email

Hello,

I would like to submit a new rule creation for LCB stakeholders.



The idea is to reward growers that shut down for at least a year or more so they only have to pay 10% of their licensing costs but they cannot have any clones, plants or product on site during their dormancy.

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Take care, Jeff Merryman

PDF

**RCW 69.50.325****Cannabis producer's license, cannabis processor's license, cannabis retailer's license.**

(1) There shall be a cannabis producer's license regulated by the board and subject to annual renewal. The licensee is authorized to produce: (a) Cannabis for sale at wholesale to cannabis processors and other cannabis producers; (b) immature plants or clones and seeds for sale to cooperatives as described under RCW **69.51A.250**; and (c) immature plants or clones and seeds for sale to qualifying patients and designated providers as provided under RCW **69.51A.310**. The production, possession, delivery, distribution, and sale of cannabis in accordance with the provisions of this chapter and the rules adopted to implement and enforce it, by a validly licensed cannabis producer, shall not be a criminal or civil offense under Washington state law. Every cannabis producer's license shall be issued in the name of the applicant, shall specify the location at which the cannabis producer intends to operate, which must be within the state of Washington, and the holder thereof shall not allow any other person to use the license. The application fee for a cannabis producer's license shall be two hundred fifty dollars. The annual fee for issuance and renewal of a cannabis producer's license shall be one thousand three hundred eighty-one dollars. A separate license shall be required for each location at which a cannabis producer intends to produce cannabis.

(2) There shall be a cannabis processor's license to process, package, and label cannabis concentrates, useable cannabis, and cannabis-infused products for sale at wholesale to cannabis processors and cannabis retailers, regulated by the board and subject to annual renewal. The processing, packaging, possession, delivery, distribution, and sale of cannabis, useable cannabis, cannabis-infused products, and cannabis concentrates in accordance with the provisions of this chapter and chapter **69.51A** RCW and the rules adopted to implement and enforce these chapters, by a validly licensed cannabis processor, shall not be a criminal or civil offense under Washington state law. Every cannabis processor's license shall be issued in the name of the applicant, shall specify the location at which the licensee intends to operate, which must be within the state of Washington, and the holder thereof shall not allow any other person to use the license. The application fee for a cannabis processor's license shall be two hundred fifty dollars. The annual fee for issuance and renewal of a cannabis processor's license shall be one thousand three hundred eighty-one dollars. A separate license shall be required for each location at which a cannabis processor intends to process cannabis.

(3)(a) There shall be a cannabis retailer's license to sell cannabis concentrates, useable cannabis, and cannabis-infused products at retail in retail outlets, regulated by the board and subject to annual renewal. The possession, delivery, distribution, and sale of cannabis concentrates, useable cannabis, and cannabis-infused products in accordance with the provisions of this chapter and the rules adopted to implement and enforce it, by a validly licensed cannabis retailer, shall not be a criminal or civil offense under Washington state law. Every cannabis retailer's license shall be issued in the name of the applicant, shall specify the location of the retail outlet the licensee intends to operate, which must be within the state of Washington, and the holder thereof shall not allow any other person to use the license. The application fee for a cannabis retailer's license shall be two hundred fifty dollars. The annual fee for issuance and renewal of a cannabis retailer's license shall be one thousand three hundred eighty-one dollars. A separate license shall be required for each location at which a cannabis retailer intends to sell cannabis concentrates, useable cannabis, and cannabis-infused products.

(b) An individual retail licensee and all other persons or entities with a financial or other ownership interest in the business operating under the license are limited, in the aggregate, to holding a collective total of not more than five retail cannabis licenses.

(c)(i) A cannabis retailer's license is subject to forfeiture in accordance with rules adopted by the board pursuant to this section.

(ii) The board shall adopt rules to establish a license forfeiture process for a licensed cannabis retailer that is not fully operational and open to the public within a specified period from the date of license issuance, as established by the board, subject to the following restrictions:

(A) No cannabis retailer's license may be subject to forfeiture within the first nine months of license issuance; and

(B) The board must require license forfeiture on or before twenty-four calendar months of license issuance if a cannabis retailer is not fully operational and open to the public, unless the board determines that circumstances out of the licensee's control are preventing the licensee from becoming fully operational and that, in the board's discretion, the circumstances warrant extending the forfeiture period beyond twenty-four calendar months.

(iii) The board has discretion in adopting rules under this subsection (3)(c).

(iv) This subsection (3)(c) applies to cannabis retailer's licenses issued before and after July 23, 2017. However, no license of a cannabis retailer that otherwise meets the conditions for license forfeiture established pursuant to this subsection (3)(c) may be subject to forfeiture within the first nine calendar months of July 23, 2017.

(v) The board may not require license forfeiture if the licensee has been incapable of opening a fully operational retail cannabis business due to actions by the city, town, or county with jurisdiction over the licensee that include any of the following:

(A) The adoption of a ban or moratorium that prohibits the opening of a retail cannabis business; or

(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 cannabis retailer from becoming operational.

(d) The board may issue cannabis retailer licenses pursuant to this chapter and RCW **69.50.335**.

[ **2022 c 16 § 54**; **2020 c 236 § 6**; **2018 c 132 § 3**. Prior: **2017 c 317 § 1**; **2017 c 316 § 2**; **2016 c 170 § 1**; **2015 c 70 § 5**; **2014 c 192 § 2**; **2013 c 3 § 4** (Initiative Measure No. 502, approved November 6, 2012).]

## NOTES:

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

**Findings—Intent—2020 c 236:** See note following RCW **69.50.335**.

**Effective date—2018 c 132 § 3:** "Section 3 of this act takes effect July 1, 2018." [ **2018 c 132 § 4**.]

**Findings—2017 c 317:** "The legislature finds that protecting the state's children, youth, and young adults under the legal age to purchase and consume marijuana [cannabis], by establishing limited restrictions on the advertising of marijuana [cannabis] and marijuana [cannabis] products, is necessary to assist the state's efforts to discourage and prevent underage consumption and the potential risks associated with underage consumption. The legislature finds that these restrictions assist the state in maintaining a strong and effective regulatory and enforcement system as specified by the federal government. The legislature finds this act leaves ample opportunities for licensed marijuana [cannabis] businesses to market their products to those who are of legal age to purchase them, without infringing on the free speech rights of business owners. Finally, the legislature finds that the state has a substantial and compelling interest in enacting this act aimed at protecting Washington's children, youth, and young adults." [ **2017 c 317 § 12**.]

**Application—2017 c 317:** "This act applies prospectively only and not retroactively. It applies only to causes of action that arise (if change is substantive) or that are commenced (if change is procedural) on or after July 23, 2017." [ [2017 c 317 § 25.](#)]

**Effective date—2017 c 316 §§ 2 and 3:** "Sections 2 and 3 of this act take effect July 1, 2018." [ [2017 c 316 § 4.](#)]

**Effective date—2016 c 170:** "This act takes effect July 1, 2016." [ [2016 c 170 § 3.](#)]

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

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

## State liquor and cannabis board—Rules.

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

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

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

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

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

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

(f) Retail outlet locations and hours of operation;

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

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

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

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

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

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

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

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

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

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

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

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

## NOTES:

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

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

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

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

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

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

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



**HTML has links - PDF has Authentication****PDF****WAC 314-55-075****Cannabis producer license—Privileges, requirements, and fees.**

(1)(a) A cannabis producer license allows the licensee to produce, harvest, trim, dry, cure, and package cannabis into lots for sale at wholesale to cannabis processor licensees and to other cannabis producer licensees. A cannabis producer may also produce and sell:

- (i) Cannabis plants, seed, and plant tissue culture to other cannabis producer licensees;
- (ii) Immature cannabis plants or clones and cannabis seeds to members of a registered cooperative, qualifying patients, or designated providers under the conditions provided in this chapter; and

- (iii) Immature cannabis plants or clones and cannabis seeds to a licensed cannabis researcher under the conditions provided in this chapter.

(b) Cannabis production must take place within a fully enclosed secure indoor facility or greenhouse with rigid walls, a roof, and doors. Outdoor production may take place in nonrigid greenhouses, other structures, or an expanse of open or cleared ground fully enclosed by a physical barrier. To obscure public view of the premises, outdoor production must be enclosed by a sight obscure wall or fence at least eight feet high. Outdoor producers must meet security requirements described in WAC 314-55-083. An outdoor grow must be physically separated at least 20 feet from another licensed outdoor grow. In addition, outdoor grows cannot share common walls or fences.

(2) The application fee for a cannabis producer license is \$250. The applicant is also responsible for paying the fees required by the approved vendor for fingerprint evaluation.

(3) The annual fee for issuance and renewal of a cannabis producer license is \$1,000. The annual fee for issuance and renewal of a cannabis producer license is \$1,381. The WSLCB will conduct random criminal history 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 criminal history checks.

(4) The application window for cannabis producer licenses is closed. The WSLCB may reopen the cannabis producer application window at subsequent times when the WSLCB deems necessary.

(5) Any entity and/or principals within any entity are limited to an interest, as defined in WAC 314-55-035, in no more than three cannabis producer licenses.

(6) The maximum amount of space for cannabis production cannot exceed the amount licensed. Applicants must designate on their operating plan the size category of the production premises and the amount of actual square footage in their premises that will be designated as plant canopy. There are three categories as follows:

- (a) Tier 1 – Less than 4,000 square feet;
- (b) Tier 2 – Four thousand square feet up to 10,000 square feet; and
- (c) Tier 3 – Ten thousand square feet up to 30,000 square feet.

(7) The WSLCB may reduce a licensee's or applicant's square footage designated to plant canopy for the following reasons:

- (a) If the amount of square feet of production of all licensees exceeds the maximum square feet the WSLCB will reduce the allowed square footage by the same percentage.

- (b) If 50 percent production space used for plant canopy in the licensee's operating plan is not met by the end of the first year of operation the WSLCB may reduce the tier of licensure.

- (8) If the total amount of square feet of cannabis production exceeds the maximum square feet, the WSLCB reserves the right to reduce all licensee's production by the same percentage or reduce licensee production by one or more tiers by the same percentage.

(9) The maximum allowed amount of cannabis on a producer's premises at any time is as follows:

- (a) Outdoor or greenhouse grows – One and one-quarter of a year's harvest; or



(b) Indoor grows – Six months of their annual harvest.

(10) A producer may not treat or otherwise adulterate useable cannabis with any organic or nonorganic chemical or other compound whatsoever to alter the color, appearance, weight, or smell of the useable cannabis.

(11) A cannabis producer must make quality assurance test results available to any processor purchasing product. A cannabis producer must label each lot of cannabis with the following information:

- (a) Lot number;
- (b) UBI number of the producer; and
- (c) Weight of the product.

[Statutory Authority: RCW **69.50.342** and 2022 c 16 § 168. WSR 22-14-111, § 314-55-075, filed 7/6/22, effective 8/6/22. Statutory Authority: RCW **69.50.342** and **69.50.345**. WSR 21-14-113, § 314-55-075, filed 7/7/21, effective 8/7/21. Statutory Authority: RCW **69.50.325**, **69.50.342**, **69.50.345**, and **69.50.369**. WSR 18-22-055, § 314-55-075, 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, § 314-55-075, filed 9/21/16, effective 10/22/16. Statutory Authority: RCW **69.50.342** and **69.50.345**. WSR 16-11-110, § 314-55-075, filed 5/18/16, effective 6/18/16; WSR 15-11-107, § 314-55-075, filed 5/20/15, effective 6/20/15; WSR 14-10-044, § 314-55-075, 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, § 314-55-075, filed 10/21/13, effective 11/21/13.]