



Washington State
Liquor and Cannabis Board

Date: November 8, 2023

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

From: Cassidy West, Policy and Rules Manager

Copy: William Lukela, Agency Director
Toni Hood, Agency Deputy Director
Chandra Brady, Director of Enforcement and Education
Becky Smith, Licensing Director
Justin Nordhorn, Policy and External Affairs Director

Subject: **Approval to file a preproposal statement of inquiry (CR 101) regarding implementation of Engrossed Senate Substitute Bill (E2SSB) 5080 (chapter 220, Laws of 2023) regarding various provisions of the Social Equity in Cannabis Program**

The Washington State Liquor and Cannabis Board (Board) is considering rulemaking to implement Engrossed Second Substitute Senate Bill (E2SSB) 5080 (chapter 220, Laws of 2023) enacted during the 2023 legislative session related to various provisions of the Social Equity Program. As part of this rulemaking, the Board is considering new, and amending or repealing existing rule throughout chapter 314-55 WAC as necessary to implement E2SSB 5080.

Process

The Policy and Rules Manager requests approval to file the preproposal statement of inquiry (CR 101) for the rule making described in the CR 101 Memorandum attached to this order and presented at the Board meeting on October 25, 2023.

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

October 25, 2023	Board is asked to approve filing preproposal statement of inquiry (CR 101). CR 101 is filed with the Office of the Code Reviser. Webpage is updated and notice circulated by GovDelivery distribution list. Informal comment period begins.
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November 1, 2023	Notice is published in the Washington State Register under WSR 23-21-xxx and informal public comment period begins.
December 31, 2023	Informal comment period ends (60 days).
April 10, 2024	Board is asked to approve filing proposed rules (CR 102). CR 102 is filed with the Office of the Code Reviser. Webpage is updated and notice circulated to the rules distribution list.
May 1, 2024	Notice is published in the Washington State Register under WSR 24-09. Formal public comment period begins.
May 22, 2024	Public hearing is held, and formal comment period ends.
June 5, 2024	Board is asked to adopt rules if no substantive changes are made (CR 103). Concise Explanatory Statement is provided to individuals offering written or oral comment at the public hearing or during the formal comment period, consistent with RCW 34.05.325. CR 103 and adopted rules are filed with the Office of the Code Reviser. Webpage is updated and notice circulated by GovDelivery distribution list.
July 21, 2024	Rules are effective 31 days after filing unless otherwise specified. See RCW 34.05.380(2).

_____ Approve _____ Disapprove _____ David Postman, Chair _____ Date

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

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

Attachment: CR 101 Memorandum.



CR 101 Memorandum

Regarding implementation of Engrossed Senate Substitute Bill (E2SSB) 5080 (chapter 220, Laws of 2023) regarding various provisions of the Social Equity in Cannabis Program

Date: November 8, 2023
Presented by: Cassidy West, Policy and Rules Manager

Background

The LCB recognizes that cannabis prohibition laws were disproportionately enforced for decades and that the cumulative harms from this enforcement remain today. In 2020, in response to a policy priority identified by the Board, the LCB developed agency request legislation (HB 2870) that created the state Social Equity program, the Social Equity in Cannabis Task Force, and the opportunity to provide a limited number of cannabis retail licenses to individuals disproportionately impacted by the enforcement of cannabis prohibition laws. The criteria to be a Social Equity applicant included residence in a disproportionately impacted area, arrest or conviction of a cannabis offense among other criteria defined in the rule by the LCB.

In 2023, following recommendations by the Social Equity in Cannabis Task Force, the LCB requested legislation that would amend and expand the Social Equity program. The legislation enacted, Engrossed Second Substitute Senate Bill (E2SSB) 5080, expands the scale of the current Social Equity Program and makes it more effective by allowing additional retail stores over time, allowing social equity licensees more flexibility to locate a store, while also maintaining local control over zoning and outlet density.

The legislation amends: RCW 43.330.540; 69.50.331; 69.50.335; 69.50.345; reenacts and amends 69.50.101; and creates a new section.

Reasons Why Rules May Be Needed

Rules are needed to implement the provisions of Engrossed Second Substitute Senate Bill (E2SSB) 5080 (chapter 220, Laws of 2023), including, but not limited to:

- Updating definitions such as disproportionately impacted area (DIA), social equity plan, social equity applicant, and other relevant definitions within the scope of the social equity in cannabis program;
- Creating a framework and process for local jurisdiction input on outlet density;
- Expanding social equity license issuance and reissuance;
- Providing for license mobility and county threshold establishment; and
- Other revisions as necessary to align current rules within the scope of E2SSB 5080.

Process

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

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



PREPROPOSAL STATEMENT OF INQUIRY

CR-101 (October 2017)
(Implements RCW 34.05.310)
Do **NOT** use for expedited rule making

Agency: Washington State Liquor and Cannabis Board

Subject of possible rule making: Chapter 314-55 WAC. The Washington State Liquor and Cannabis Board (Board) is considering rulemaking to implement Engrossed Second Substitute Senate Bill (E2SSB) 5080 (chapter 220, Laws of 2023) enacted during the 2023 legislative session related to various provisions of the Social Equity in Cannabis Program. As part of this rulemaking, the Board is considering creating new, and amending or repealing existing rule throughout chapter 314-55 WAC as necessary to implement E2SSB 5080.

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

Reasons why rules on this subject may be needed and what they might accomplish: Rules may be needed to implement the following provisions of E2SSB 5080:

- Updating definitions such as disproportionately impacted area (DIA), social equity plan, social equity applicant, and other relevant definitions within the scope of the social equity in cannabis program;
- Creating a framework and process for local jurisdiction input on outlet density;
- Expanding social equity license issuance and reissuance;
- Providing for license mobility and county threshold establishment; and
- Other revisions as necessary to align current rules within the scope of E2SSB 5080.

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

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

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

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

Name: Cassidy West, Policy and Rules Manager
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Fax: 360-704-5027
TTY:
Email: rules@lcb.wa.gov
Web site: lcb.wa.gov
Other:

(If necessary)

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

Additional comments: Interested persons can participate in the rule process through open public meetings and by submitting written comments, and are encouraged to sign up for the interested parties list (GovDelivery) at <https://public.govdelivery.com/accounts/WALCB/subscriber/new>. Rule-making notices and stakeholder engagement opportunities will be emailed via GovDelivery and posted to the WSLCB website at lcb.wa.gov.

Date: November 8, 2023	Signature:
Name: David Postman	
Title: Chair	