



Washington State
Liquor and Cannabis Board

Date: September 25, 2024

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

From: Daniel Jacobs, Rules Coordinator

Copy: Will Lukela, Director
Toni Hood, Deputy Director
Justin Nordhorn, Director of Policy and External Affairs
Becky Smith, Director of Licensing and Regulation
Chandra Wax, Director of Education and Enforcement
Cassidy West, Policy & Rules Manager

Subject: Request for approval of final rules (CR 103) on Cannabis Payment Flexibility.

The Rules Coordinator requests that the Board adopt the final rules and approve the CR 103 to amend [WAC 314-55-115](#) to specify the conditions under which licensees can purchase cannabis from other licensees by mailing checks.

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

If approved, the concise explanatory statement will be sent to everyone who provided public comment or testimony, the CR 103 form and rule text will be filed with the Code Reviser, and the amended rule will be effective October 26, 2024.

_____ 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

Cannabis Payment Flexibility (aka Cannabis Flexible Payment Terms)

Date: September 25, 2024
Presented by: Daniel Jacobs, Rules Coordinator

Background

In March 2023, the Liquor and Cannabis Board (LCB) [approved](#) a rulemaking petition to consider amending [WAC 314-55-115\(1\)](#) to allow the mailing of checks up to three after delivery, for transactions where cannabis licensees purchase cannabis from other licensees.

Currently, rules provide that when a cannabis licensee buys cannabis from other licensees using a check, it must be provided prior to or at the time of delivery. Other payment methods described in WAC 314-55-115 allow payment to be initiated up to one business day post-delivery and require payment be complete no later than five business days post-delivery.

Following consultation with the project team, a three-day post-delivery of cannabis payment window for mailed checks would make mailed checks the outlier when compared to the other identified payment methods in WAC 314-55-115. As such, for stakeholder engagement, the project team decided to draft rule language that would mimic the conditions of other payment methods in rule, rather than create greater flexibility for mailed checks than exists for other methods.

The CR 101 was approved on May 7, 2024 ([WSR #24-11-035](#)) and one comment was received during the informal comment period that ended June 20, 2024. The comment asked about the possible remedy for checks that are paid but have not sufficient funds (NSF).

The CR 102 was approved on July 31, 2024 ([WSR #24-16-063](#)) and one comment was submitted before the public hearing held on September 11, 2024. One person testified at the public hearing held on September 11, 2024, and cited concerns that potential mail delays could result in non-compliance.

In response to these concerns, the records requirement has been clarified to require preserving proof of mailing, which can be used to demonstrate that the check was mailed within the required time frame, and in the event of an unforeseeable delay in mail service, can be provided as evidence of compliance.

Stakeholder Engagement

As part of our inclusive rulemaking process, we surveyed cannabis licensees to gather their perspectives on the proposed payment methods regulations. The survey was open from June 3 through July 8, 2024 soliciting feedback on [draft rule language](#) that was publicly posted on the Laws & Rules webpage days earlier.

The survey captured feedback from various cannabis licensees, with most survey respondents being producers and/or processors. Most of the respondents supported the proposed changes, though some expressed uncertainty or concern. The survey revealed diverse payment practices, with a notable portion of licensees using checks regularly, while others never use them. Issues with Not Sufficient Funds (NSF) checks were not widespread but concerns about potential increases in NSF incidents if the rule changes are implemented were noted.

More detailed results of the survey can be found in the [CR 102 Memorandum](#).

Rule Necessity & Description of Rule Changes

Section	Current Rule Language	Proposed New Language	Rule Necessity
Title	What methods of payment can a cannabis licensee use to purchase cannabis?	Methods of payment for cannabis licensees purchasing cannabis.	Converting format of title from question to statement.
(1)	(1) Checks,	(1) Checks, under the following provisions:	The language regarding payment terms for checks is consistent with language outlining payment terms using other methods of payment provided elsewhere in WAC 314-55-115.
		(a) A sale must be initiated by an irrevocable invoice or sale order before or at the time of delivery.	
		(b) Both parties must maintain records of transactions and have the records readily available for the LCB review.	Consistent with (2)(e), (3)(f), and (5)(e) with the following changes: <ol style="list-style-type: none"> 1. Changing language around payment initiation to “sent, delivered or mailed.” 2. Clarifying that completion of payment in this context is comparable to deposit of check.
(c) The check must be sent, delivered, or mailed by the cannabis licensee no later than the first business day following delivery and must be deposited as promptly as is reasonably practical, and in no event later than five business days following delivery. Any attempt by a cannabis licensee to delay payment on checks for any period of time beyond the minimum as is reasonably practical will be considered an unlawful attempt to purchase products on credit.			
(7)	New Language As used in this section, “delivery” refers to delivery of cannabis.		To clarify that throughout the rule, “delivery” refers to the delivery of cannabis, as opposed to the delivery of the check if sent via mail. This clarification is needed because of the new reference to delivery of checks.

All	Replaced instances of WSLCB with LCB	Consistent with WSR #24-16-064
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Variance between proposed rule (CR 102) and final rule:

The below changes have been made to the proposed rule language (CR 102):

Section	Proposed Rule Language (CR 102)	Final Rule Language (CR 103)	Change Justification
(1)(b)	Both parties must maintain records of transactions and have the records readily available for the LCB review.	Both parties must maintain records of transactions, <u>including relevant proof of mailing</u> , and have the records readily available for the LCB review.	Based on public feedback and testimony received during the public hearing, clarifying that proof of relevant mailing needs to be kept documenting when checks are mailed, and to address any potential delays in mail service.
(8)	[N/A]	All records must be kept and maintained consistent with the requirements of WAC 314-55-087.	Added a reference to existing record requirements to clarify how existing rules affect the amended rule language.

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

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

To help inform and educate persons affected by the rule, the LCB will:

- Email notice with the adoption materials to persons who commented on the rules, the rule making and licensee distribution lists, and the general LCB GovDelivery list; and
- 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.

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

LCB will promote and assist voluntary compliance through technical assistance.

- LCB 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 will be supported.
- Rule and guidance documents will be available on the LCB website.
- LCB will use available and customary resources to distribute 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 LCB Staff

LCB staff responsible for implementing these adopted rules, including the subject matter experts who participated in the project team, will 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 LCB 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 internal decisions to assure consistency between agency, staff, and industry.

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

After the rule becomes effective, the LCB will evaluate the effectiveness of this rule in the following ways, including but not limited to:

- Monitoring questions received after the effective date of this rule and adjusting training and guidance accordingly.
- Monitoring the number of enforcement actions, including type, resolution, and the outcome. Additionally, the LCB will be conducting a retrospective review a year after the amended rule language becomes effective to determine if the number of corrective actions stemming from WAC 314-55-115 has increased. The results of the retrospective review will be presented during a public meeting of the Board.
- Monitoring the number of requests for rule language revisions or changes.
- Monitoring the number of requests for rule interpretation, and
- 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: The proposed rule language amends WAC 314-55-115 to allow cannabis licensees to purchase cannabis from other licensees by mailing checks under the same conditions applicable to other payment methods identified in WAC 314-55-115. The check must be sent no later than one business day post cannabis delivery, both parties must retain records, including proof of relevant mailing, the sale must be initiated by an irrevocable invoice, and the check must be deposited the as soon as is reasonably practical and no later than five business days post cannabis delivery.

Citation of rules affected by this order:

New:
 Repealed:
 Amended: WAC 314-55-115
 Suspended:

Statutory authority for adoption: RCW 69.50.342, RCW 69.50.345

Other authority:

PERMANENT RULE (Including Expedited Rule Making)

Adopted under notice filed as WSR 24-16-063 on July 31, 2024_ (date).

Describe any changes other than editing from proposed to adopted version: The changes identified in the table below have been made:

Section	Proposed Rule Language (CR 102)	Final Rule Language (CR 103)	Change Justification
(1)(b)	Both parties must maintain records of transactions and have the records readily available for the LCB review.	Both parties must maintain records of transactions, <u>including relevant proof of mailing</u> , and have the records readily available for the LCB review.	Based on public feedback and testimony received during the public hearing, clarifying that proof of relevant mailing needs to be kept documenting when checks are mailed, and to address any potential delays in mail service.
(8)	[N/A]	All records must be kept and maintained consistent with the requirements of WAC 314-55-087.	Added a reference to existing record requirements to clarify how existing rules affect the amended rule language.

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

Name: Daniel Jacobs, Rules & Policy Coordinator
 Address: 1025 Union Avenue SE, Olympia WA 98501
 Phone: 360-480-1238
 Fax: 360-664-3208
 TTY:
 Email: rules@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		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	<u>1</u>	Amended	1	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		Amended	1	Repealed	

Date Adopted: September 25, 2024	Signature: Place signature here
Name: David Postman	
Title: Chair	

WAC 314-55-115 (~~What~~) Methods of payment (~~can-a~~) for cannabis licensees (~~use to purchase~~) purchasing cannabis(?). A cannabis licensee must pay cash for cannabis prior to or at the time of delivery. The (~~WSLCB~~) LCB will recognize the following forms of payment as cash payment for the purpose of this section.

(1) **Checks**, under the following provisions:

(a) A sale must be initiated by an irrevocable invoice or sale order before or at the time of delivery.

(b) Both parties must maintain records of transactions, including relevant proof of mailing, and have the records readily available for the LCB review.

(c) The check must be sent, delivered, or mailed by the cannabis licensee no later than the first business day following delivery and must be deposited as promptly as is reasonably practical, and in no event later than five business days following delivery. Any attempt by a cannabis licensee to delay payment on checks for any period of time beyond the minimum as is reasonably practical will be considered an unlawful attempt to purchase products on credit.

(2) **Credit/debit cards**, under the following provisions:

(a) The credit or debit card transaction agreement must be voluntary on the part of both licensees, and there must be no discrimination for nonparticipation in credit or debit card transactions.

(b) A sale must be initiated by an irrevocable invoice or sale order before or at the time of delivery.

(c) Both parties must bear their respective banking costs or other costs associated with the credit or debit card service.

(d) Both parties must maintain records of transactions and have the records readily available for the (~~WSLCB~~) LCB review.

(e) The credit or debit card charge must be initiated by the cannabis licensee no later than the first business day following delivery.

(3) **Electronic funds transfer (EFT)**, under the following provisions:

(a) The EFT agreement must be voluntary on the part of both the licensees, and there must be no discrimination for nonparticipation in EFT.

(b) Prior to any EFT transaction, the cannabis licensee must enter into a written agreement specifying the terms and conditions for EFT as payment for cannabis.

(c) A sale must be initiated by an irrevocable invoice or sale order before or at the time of delivery.

(d) Both parties must bear their respective banking costs or other costs associated with EFT service.

(e) Both parties must maintain records of transactions and have the records readily available for the (~~WSLCB~~) LCB review.

(f) The electronic funds transfer must be initiated by the cannabis licensee no later than the first business day following delivery and must be paid as promptly as is reasonably practical, and in no event later than five business days following delivery. Any attempt by a cannabis licensee to delay payment on EFT transactions for any period of time beyond the minimum as is reasonably practical will be considered an unlawful attempt to purchase products on credit.

(4) **Prepaid accounts.** Both parties must keep accurate accounting records of prepaid accounts to ensure a cash deposit is not overextended, which is considered an extension of credit.

(5) **Transactions using a money transmitter,** under the following provisions:

(a) The money transmitter must be licensed by and in good standing with the Washington state department of financial institutions.

(b) A sale must be initiated by an irrevocable invoice or sale order before or at the time of delivery.

(c) Both parties must bear their respective costs associated with the money transmitter service.

(d) Both parties must maintain records of transactions and have the records readily available for the ((WSLCB)) LCB to review.

(e) The funds transfer through the money transmitter must be initiated by the cannabis licensee no later than the first business day following delivery and must be paid as promptly as is reasonably practical, and in no event later than five business days following delivery. Any attempt by a cannabis licensee to delay payment on money transmitter transactions for any period of time beyond the minimum as is reasonably practical will be considered an unlawful attempt to purchase products on credit.

(6) Any transaction reported as having nonsufficient funds (NSF) will be considered an extension of credit. If a transaction is reported as NSF:

(a) The purchaser must pay the full amount of the transaction to the seller by 3:00 p.m. on the first business day following receipt of the NSF report.

(b) Until the NSF transaction is paid:

(i) The cannabis licensee who received the NSF transaction will not deliver any cannabis to the purchaser; and

(ii) It is the responsibility of the purchaser to not receive additional cannabis from any other cannabis licensee.

(7) As used in this section, "delivery" refers to delivery of cannabis.

(8) All records must be kept and maintained consistent with WAC 314-55-087.



**Notice of Permanent Rules
Cannabis Payment Flexibility (aka Cannabis Flexible Payment Terms)**

Concise Explanatory Statement

This concise explanatory statement concerns the Washington State Liquor and Cannabis Board's (LCB) adoption of a rule amendment that amends [WAC 314-55-115](#) to specify the conditions under which licensees can purchase cannabis from other licensees by mailing checks.

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 LCB received comment.

The LCB appreciates and encourages your involvement in the rule making process. If you have questions, please e-mail at rules@lcb.wa.gov.

Background and reasons for adopting these rules:

In March 2023, the Liquor and Cannabis Board (LCB) [approved](#) a rulemaking petition to consider amending [WAC 314-55-115\(1\)](#) to allow the mailing of checks up to three after delivery, for transactions where cannabis licensees purchase cannabis from other licensees.

Currently, rules provide that when cannabis licensees buy cannabis from other licensees using a check, it must be provided prior to or at the time of delivery. Other payment methods identified in WAC 314-55-115 allow payment to be initiated up to one business day post-delivery and require payment be complete no later than five business days post-delivery.

Following consultation with the project team, a three-day post-delivery payment window for mailed checks would make mailed checks the outlier when compared to the other identified payment methods in WAC 314-55-115. As such, for stakeholder engagement, the project team decided to draft rule language that would mimic the conditions of other payment methods in rule, rather than create greater flexibility for mailed checks than exists for other methods.

The CR 101 was approved on May 7, 2024 ([WSR #24-11-035](#)) and one comment was received during the informal comment period that ended June 20, 2024. The comment asked about the possible remedy for checks that are paid but have not sufficient funds (NSF).

As part of our inclusive rulemaking process, we surveyed cannabis licensees to gather their perspectives on the proposed payment methods regulations. The survey was open from June 3 through July 8, 2024 soliciting feedback on [draft rule language](#) that was publicly posted on the Laws & Rules webpage days earlier.

The survey captured feedback from various cannabis licensees, with most survey respondents being producers and/or processors. Most of the respondents supported the proposed changes, though some expressed uncertainty or concern. The survey revealed diverse payment practices, with a notable portion of licensees using checks regularly, while others never use them. Issues with Not Sufficient Funds (NSF) checks were not widespread but concerns about potential increases in NSF incidents if the rule changes are implemented were noted.

More detailed results of the survey can be found in the [CR 102 Memorandum](#).

Because the current rule language provides no explanation at all for how payment via check should be done, language was borrowed from the existing descriptions of payment methods, specifically credit/debit cards, electronic fund transfers (EFT) and transactions using a money transmitter.

The requirement for an irrevocable invoice before or at the time of delivery and the record-keeping requirement are borrowed from the other payment methods, described in the table with the CR 103 Memorandum.

The main variation from the existing regulatory framework is due to the unique nature of checks and the possibility of mail for delivery. While the other payment methods require that payment be initiated no later than the first business day, for checks, this means mailing the check.

Similarly, the transaction must be completed no later than five business days following delivery of cannabis for the other payment methods. Here, the analogous point of completion for payment via check would be the depositing of the check, and that is the language used in the proposed rule.

While the comment raised concern about NSF checks, this is already addressed in existing section (6), which states that transactions reported as NSF that are not corrected by the 3:00 pm on the business day following the NSF report are impermissible extensions of credit, and are subject to penalties identified in [WAC 314-55-523](#).

Lastly, to avoid any confusion, an additional section was proposed to define “delivery” as referring to delivery of cannabis in this rule.

Rulemaking history for this adopted rule:

CR 101 – filed May 8, 2024, as [WSR #24-11-035](#)

CR 102 – filed July 31, 2024, as [WSR #24-16-063](#)

Public hearing held September 11, 2024

The effective date of this amended rule is October 26, 2024.

One public comment was submitted on the rule proposal in the morning before the public hearing:

1. Vicki Christopherson, Executive Director, Washington Cannabusiness Association

September 11, 2024

TO: Rules Coordinator
Liquor and Cannabis Board

CC:
Justin Nordhorn
Will Lukela, Director

FROM:
Vicki Christophersen
Executive Director
Washington CannaBusiness Association ,

The Washington CannaBusiness Association (WACA) represents Washington's licensed and regulated cannabis businesses of all kinds. As the longest established trade association for cannabis businesses in the state, we are committed to establishing a safe, quality-controlled, fully regulated system that works to keep cannabis away from kids while keeping an eye on the horizon for what's next. We appreciate the opportunity to provide feedback on the CR-102 amending WAC 314-55-115 to create more flexible payment terms for cannabis licensees.

Allowing for reasonable net terms for wholesale transactions between cannabis licensees has been a priority for WACA for several years. Allowing retailers to mail a check for cannabis deliveries will help to ensure operational efficiencies that other businesses utilize regularly. However it is also important to ensure that the product is paid for in a timely manner. WACA would suggest that the responsibility of mailing the check on time be the responsibility of the Retailer and not the Producer/Processor. The current draft language requires the mailed check be deposited no later than five business days following the delivery. This is an unreasonable requirement as the Producer/Processor has no control over the mail or whether or not the Retailer mails the check. For that reason we suggest striking that requirement. See below:

Current language:

(c) The check must be sent, delivered, or mailed by the cannabis licensee no later than the first business day following delivery and must be deposited as promptly as is reasonably practical, **and in no event later than five business days following delivery**. Any attempt by a cannabis licensee to delay payment on checks for any period of time beyond the minimum as is reasonably practical will be considered an unlawful attempt to purchase products on credit.

WACA suggestion:

(c) The check must be sent, delivered, or mailed by the cannabis licensee no later than the first business day following delivery and must be deposited as promptly as is reasonably practical, **and in no event later than five business days following delivery**. Any attempt by a cannabis licensee to delay payment on checks for any period of time beyond the minimum as is reasonably practical will be considered an unlawful attempt to purchase products on credit.

Thank you for your consideration,

Sincerely,
Vicki Christopherson
WACA Executive Director

LCB response: The responsibility for mailing a check on time is already placed on the cannabis purchasing licensee, that is not necessarily a retailer, per the first sentence of WAC 314-55-115(1)(c). The LCB is going to establish a deadline for depositing the check to establish a finite endpoint for the financial transaction. The is necessary to establish when a purchase becomes an impermissible extension of credit.

The records requirement in (1)(b) is being amended to clarify that relevant proof of mailing must be preserved along with other financial records. If there is a delay of mail service resulting in a check not being deposited within five business days after delivery of cannabis, the mailing party will have evidence of their compliance with the rule requirements.

Additionally, consistent with [RCW 34.05.328\(3\)\(d\)](#), the LCB will be conducting a retrospective review a year after the amended rule language becomes effective to determine if the number of corrective actions stemming from WAC 314-55-115 has increased. The results of the retrospective review will be presented during a public meeting of the Board.

Was the comment reflected in the adopted rule? Yes, in part. By adding language to the records requirement in (1)(b), mailing parties are ensured that they will preserve evidence of their compliance with the rule requirements in the event of unavoidable delay of mail service.

During the public hearing held September 11, 2024, Amber Vaughn provided the following testimony:

Hello, I'm Amber Vaughn the president of Terpene Transit, I'm also on the board at WACA a trade organization for the cannabis industry. We, as a trade organization support cannabis payment flexibility. We believe it will allow retailer, allowing retailers to mail a check for cannabis deliveries will help to ensure operational efficiencies that other businesses utilize regularly. And furthermore, I do believe you know coming from the transportation sector we're able to see a lot of different dynamics within the industry it will overall improve compliance. And in the event that a invoice amount is changed from the point of order to the point of delivery, sometimes what we experience is that the check denomination or check

amount does not match the new invoice total that was sent. Given the fact that anybody who is a signer for a checking account is considered a TPI there's minimal employees or staff at retail locations permitted to sign checks so often they're left in advance. So what we see is a lot of product then needing to be returned to the point of origin, which given 48 hours can be complicated or even for in house deliveries complicated given they're 24 hours.

Furthermore it could reduce the potential check fraud, limiting access to checks within you know potentially high turnover retail establishments, it will assign the responsibility of that check only to management or long term employees. Furthermore it will reduce potentially cash exchange at the site of retail hopefully minimizing any kind of theft or crime related to cash exchanges. Checks are already currently being mailed under the guise often that they are going to be ACH in the payment and then later mail the payment.

I think what this will do here is set reasonable parameters on the retailers regarding timelines on mail payments and expectations. You know kind of leaves a producer processor in a weird spot when they're told a payments going to be ACH and then later it's mailed and they have no indication of when that's going to arrive.

The one comment we do have, Daniel Jacobs has already addressed this is regarding the deposit timeline. What mail is unpredictable personally we experienced maybe two mail arrivals in the month of December last year at our own organization due to mail strikes and etc. So that's one factor.

The other one is banking for the cannabis industry isn't necessarily accessible. My bank at Terpene Transit is in Seattle we're based in Bellingham. It will just I think reasonable timeline is one thing, setting five days is kind of a tricky a tricky measure. And just really appreciate the opportunity to speak on the CR 102 regarding cannabis payment flexibility, I think it'll be a healthy move for the industry, especially with the amendment to adapt. Thank you.

LCB Response: The concerns around mailing delays are being addressed by the changes to the records requirement in (1)(b) to clarify that relevant proof of mailing must be preserved along with other financial records. If there is a delay of mail service resulting in a check not being deposited within five business days after delivery of cannabis, the mailing party will have evidence of their compliance with the rule requirements.

Additionally, consistent with [RCW 34.05.328\(3\)\(d\)](#), the LCB will be conducting a retrospective review a year after the amended rule language becomes effective to determine if the number of corrective actions stemming from WAC 314-55-115 has increased. The results of the retrospective review will be presented during a public meeting of the Board.

Was the comment reflected in the adopted rule? Yes, in part. By adding language to the records requirement in (1)(b), mailing parties are ensured that they will preserve evidence of their compliance with the rule requirements in the event of unavoidable delay of mail service.

Were any changes made between the proposed and final adopted rules? Yes. The changes identified in the table below were made to the proposed rules filed with the CR 102:

Section	Proposed Rule Language (CR 102)	Final Rule Language (CR 103)	Change Justification
(1)(b)	Both parties must maintain records of transactions and have the records readily available for the LCB review.	Both parties must maintain records of transactions, <u>including relevant proof of mailing</u> , and have the records readily available for the LCB review.	Based on public feedback and testimony received during the public hearing, clarifying that proof of relevant mailing needs to be kept documenting when checks are mailed, and to address any potential delays in mail service.
(8)	[N/A]	All records must be kept and maintained consistent with the requirements of WAC 314-55-087.	Added a reference to existing record requirements to clarify how existing rules affect the amended rule language.