



Petition for Adoption, Amendment, or Repeal of a State Administrative Rule

Topic: Request to Amend [WAC 314-55-115](#) related to flexible payment terms

Date: November 20, 2024

Presenter: Cassidy West, Policy and Rules Manager

BACKGROUND

On October 14, 2024, Fabian Toader, representing Green Labs, LLC, submitted a petition for amendment, repeal, or adoption of a state administrative rule to the Washington State Liquor and Cannabis Board ("Board") requesting amendments to WAC 314-55-115. This petition pertains to the recently amended rule requiring checks be deposited within five days of delivery. The Petitioner seeks a reconsideration of the five-day rule, proposing an extension to a 15-day window instead. The petition request and its supplemental materials are enclosed (see Attachment A).

The newly amended rule mandates that checks be sent, delivered, or mailed by the next business day following delivery and deposited as promptly as reasonably practical but no later than five business days after delivery. Any delay beyond this time may be considered an unlawful extension of credit.

The Petitioner has expressed concerns about the practical challenges meeting the new five-day deposit rule, citing geographical constraints. He argues that the requirement to deposit checks within five days of delivery imposes an undue administrative burden and potential for non-compliance. According to the Petitioner, the current process takes his business 12-15 days from receipt to deposit.

ISSUE

Whether the Board should accept or deny the petition request to amend WAC 314-55-115 to extend the time allowed for depositing checks after delivery.

ANALYSIS

When making recommendations to the Board, LCB staff consider several key factors to ensure decisions are legal, practical, evidence-based, and align with the agency's goals. These factors include:

- **Legal Authority:** Confirm agency's legal power.
- **Economic Impact:** Evaluate financial implications.
- **Equity Assessment:** Assess impacts on economic, health, and social equity.

- **DEIB Assessment:** Analyze diversity, equity, inclusion, and belonging.
- **Public Health:** Examine public health implications.
- **Risk Assessment:** Identify and assess risks.
- **Agency Coordination:** Coordinate with relevant agencies.
- **Tribal Considerations:** Address Tribal concerns and rights.
- **Public Input:** Consider stakeholder perspectives and concerns.
- **Policy Alignment:** Ensure policy consistency.
- **Security Considerations:** Evaluate security implications.

Legal Authority

The Board has rulemaking authority to adopt rules to amend WAC 314-55-115 under [RCW 69.50.342](#) and [RCW 69.50.345](#). The full text of relevant laws and rules are enclosed (see Attachment B).

Policy Alignment

The agency recently completed a rulemaking process fully compliant with the Administrative Procedure Act (APA) ([RCW 34.05](#)). This initiative aimed to provide cannabis licensees with greater flexibility when buying cannabis and cannabis products from other licensees. Throughout the rule development process, multiple opportunities for stakeholder engagement were offered.

Timeline of Rulemaking Activities:

- **May 8, 2024:** The CR-101 was filed as [WSR 24-11-035](#), marking the initiation of the rulemaking process. A GovDelivery notice was distributed notifying the public. During the May 8 board meeting, the rules coordinator Daniel Jacobs stated that stakeholder feedback would be obtained via a survey that would be posted on the agency website during June 2024.
- **June 3, 2024:** GovDelivery notice emailed informing public of live survey that would be available to complete until July 8, 2024. The invitation to the survey included a link to proposed draft rule language.
- **June 3 – July 8, 2024:** Survey live on LCB website for completion.
- **July 31, 2024:** The CR-102 was filed as WSR [24-16-063](#), officially starting the formal public comment period.

- **September 11, 2024:** A public hearing was held to gather input on the draft proposed rule, which also served as the deadline for submitting formal written comments.
- **September 25, 2024:** The CR-103 was filed as [WSR 24-20-055](#).
- **October 26, 2024:** Effective date of rules.

Stakeholder Input

Stakeholder input on the five-day check deposit requirement was minimal. Survey results did not highlight any specific concerns about the deposit timeframe. During the public hearing, two stakeholders asked that there be no deadline for depositing checks. This request was not reflected in the final rule due to the indefinite nature it would introduce for check payments, including impacting regulatory consistency and accountability.

Merits of the Petition

While we acknowledge the Petitioner’s concerns, the petition does not provide sufficient data-driven evidence to justify reopening the rulemaking process.

Potential Benefits, Costs, & Impacts

The Petitioner proposes conducting feasibility studies to assess the practical implications of the rule on businesses like his. The Board has already committed to a retrospective review of the amended rule after one year to evaluate its effectiveness and impacts.

CONCLUSION

In conclusion, the rulemaking process was conducted in full compliance with the [Administrative Procedure Act \(APA\)](#), providing multiple opportunities for public comment. The rule was adopted after careful consideration of all feedback received. While we recognize the Petitioner’s concerns, the petition lacks compelling data-driven evidence to justify reopening the rulemaking process. Additionally, the Board is committed to conducting a retrospective review of the amended rule in one year to assess its effectiveness and impact.

RECOMMENDATION

For the reasons described above, Director’s Office staff recommend that consistent with [RCW 34.05.330](#), the Board deny the petition submitted by Fabian Toader on October 14, 2024 requesting amendments to WAC 314-55-115 regarding the requirement that the check be deposited no later than five business days following delivery.

BOARD ACTION

After considering the recommendation of Director's Office staff, the Board accepts/denies the petition for rulemaking received from Fabian Toader on October 14, 2024, requesting amendments to WAC 314-55-115 to amend the five-day deposit requirement.

_____ Accept _____ Deny _____
David Postman, Chair Date

_____ Accept _____ Deny _____
Ollie Garrett, Board Member Date

_____ Accept _____ Deny _____
Jim Vollendroff, Board Member Date

ATTACHMENTS

1. Attachment A: Petition Request & Supplemental Materials
2. Attachment B: Laws and Rules

From: fabian@greenlabsllc.com
To: [Nordhorn, Justin T \(LCB\)](#)
Cc: [McCallum, Matthew C \(LCB\)](#); ["Caitlein Ryan"](#); [LCB DL Rules](#)
Subject: RE: LCB Board Action: Cannabis Payment Flexibility Rules Finalized
Date: Monday, October 14, 2024 7:48:28 PM

External Email

Mr. Nordhorn,

Thank you for your continued attention to this matter.

It seems that the concern about the insufficiency of a 5-day period for depositing checks was raised before the rule's implementation. Both Terpene Transit and WACA (represented by Mrs. Vicky Christopherson) provided feedback, but this was overruled without a clear explanation or engagement to understand why 5 days is inadequate. It is difficult to comprehend why no feasibility studies have been conducted in the six months since, especially considering the industry feedback provided.

I appreciate your effort in connecting me with Mr. Matthew McCallum. However, you mentioned consistency, which is exactly what a rule is intended to ensure. I'm unclear on how we would justify extending this rule to 15 days exclusively for Green Labs LLC.

1. I welcome a conversation with Mr. McCallum and would appreciate his guidance on how Green Labs can legally comply with a 15-day window for check deposits. As we do not extend credit to retail stores, we are compliant in that respect, and the 5-day requirement seems like an undue burden. Mr. McCallum, you can read my feedback below, I'd be happy to get on a phone call if you have questions, but prefer to communicate over email.
2. This email also serves as formal feedback on the recently adopted rule **and as a request for changing the rule**. Due to the reasons outlined below, Green Labs will not be able to comply with this requirement. After 10 years of holding our license without issue, this rule now places us in non-compliance—through no fault or unwillingness on our part, but rather due to the practical challenges highlighted. Unfortunately, I am unable to attend a board meeting, so I kindly request that you convey this feedback to the board directly on my behalf.

Thank you for your understanding.

Sincerely,

Fabian

From: Nordhorn, Justin T (LCB) <justin.nordhorn@lcb.wa.gov>
Sent: Monday, October 14, 2024 12:34 PM
To: Fabian Toader <fabian@greenlabsllc.com>
Cc: McCallum, Matthew C (LCB) <matthew.mccallum@lcb.wa.gov>; Caitlein Ryan

<caitlein.ryan@thecannabisalliance.us>

Subject: RE: LCB Board Action: Cannabis Payment Flexibility Rules Finalized

Greetings Fabian,

I am sorry you are frustrated and disappointed in the recently adopted rule, and response to your concerns. I do understand your concerns, and you certainly identify a relevant challenge. I cannot identify the reasons you were not informed of the rule development. As you can see below a number of announcements and engagements occurred during this rule project. I do recommend signing up for our gov delivery notifications, if you have not done so already. If you are not familiar with how to sign up, you can go to the LCB website, and enter your email address in the pop-up window that appears when the [home page](#) is pulled up, or you can go through this link to our [resources page](#) too. If you are like me, a person who closes pop-up windows immediately when they come up, I can understand how this can be missed. If you have already signed up, another means of keeping informed of rule activity can be through associations. I see you copied the Cannabis Alliance on your message, and I am fairly confident they can also help with information sharing.

As for this specific rule, it is not that we do not care or want feedback at this time, we are just not in a position to make changes after rule adoption. As Daniel mentioned, we do plan on conducting an evaluation of effectiveness of the recently adopted rule at this time next year, to review impacts and effectiveness. Results of the evaluation may necessitate further rule changes.

I know waiting for the assessment and evaluation next year does not address your current concerns. It may be helpful to connect with our enforcement and education division. I cannot guarantee any specific action from another division, but I would like to encourage you to reach out to your area officer or compliance consultant and share the specific challenges you are facing. They may be able to offer suggestions, or work with you to mitigate your concerns. The intent of the rule development was to provide some additional flexibility for payments. One challenge we face is to ensure there is no extension of credit being offered or extended between retail and non-retail businesses, which can occur as a result of lengthy payment transactions. We also strive to ensure consistency. The 5-day timeline was intended to align with other rule standards to mitigate confusion between payment types and approaches. If you are able to frame the discussion with the officer or compliance consultant showing the challenge of meeting the regulatory language without any intent to provide or extend credit, I hope a productive dialogue can occur. I have copied the manager in the enforcement and education division who oversees education and the compliance consultants to help start the conversation.

As Daniel mentioned, you are certainly welcome to share your thoughts and concerns at an open public board meeting too. Board meetings are scheduled every other week, and we conclude meetings with an open public comment period where individuals have up to 3 minutes to share comments. This forum is a listening only forum for board members, and they will typically not answer questions during the segment of the meeting. But if follow-up to questions is needed, the board will ask agency staff to follow-up after the meeting on their behalf. As a note, board meetings are hybrid, so in-person attendance is not necessary in order to participate in the open public comment period. Pre-registration for public comment is required for remote participants, and you

can find the information needed to participate in the [Board information pages](#).

I hope you find the information and suggestions helpful.

Kind Regards,

Justin

Justin Nordhorn (*he/him/his*)

Director of Policy and External Affairs
Washington State Liquor and Cannabis Board
360.918.1474 cell

From: Fabian Toader <fabian@greenlabsllc.com>

Sent: Monday, October 14, 2024 10:36 AM

To: Jacobs, Daniel (LCB) <daniel.jacobs@lcb.wa.gov>; LCB DL Rules <rules@lcb.wa.gov>; Nordhorn, Justin T (LCB) <justin.nordhorn@lcb.wa.gov>

Cc: Caitlein Ryan <caitlein.ryan@thecannabisalliance.us>; Davis, Sarah (LCB) <sarah.davis@lcb.wa.gov>

Subject: Re: LCB Board Action: Cannabis Payment Flexibility Rules Finalized

External Email

Adding Mr. Nordhorn who last week did reply (thank you!) and told me your office will take the time last week to respond to my feedback and concerns.

As a body that is supposed to receive feedback (rules@lcb), I'm highly disappointed seeing your response below. At the very least you should be concerned with the fact that I am providing this feedback now, how I missed providing feedback in the first place and try to actually help support industry, who actually supports and pays for your role and organization.

Am i not very clear in my initial email that you are HURTING my business and i worry I cannot comply with your demands, not because I am not more than willing to do so, but because your office failed to actually conduct a proper study to how your ruling will affect us all? Has anyone actually read my email or this is just another day in the office while I am actually stressed out that I won't be able to comply?

Thank you,
Fabian

From: Jacobs, Daniel (LCB) <daniel.jacobs@lcb.wa.gov>
Sent: Monday, October 14, 2024 10:22:45 AM
To: Fabian Toader <fabian@greenlabsllc.com>; LCB DL Rules <rules@lcb.wa.gov>
Cc: Caitlein Ryan <caitlein.ryan@thecannabisalliance.us>
Subject: RE: LCB Board Action: Cannabis Payment Flexibility Rules Finalized

Mr. Toader:

I was out of office last week, and did not have access to my work email.

Stakeholder feedback is an important part of our rulemaking process, and there are multiple opportunities for the public to provide input on our rulemaking throughout the rulemaking process, as there were with this rulemaking project. The rulemaking process for this particular project has already ended, and so the opportunity for formal feedback on this rulemaking to change the amended wording has ended.

As mentioned below, Gov delivery messaging on rulemaking updates is the best way to learn about rulemaking updates as they occur.

On May 8, 2024, a gov delivery notice went out informing the public that the rulemaking on cannabis flexible payment terms had begun, and [inviting the public](#) to provide comments by June 20, 2024. (Email Attached).

On June 3, 2024, a gov delivery notice went out inviting the public to participate in a survey on draft proposed rule language. This survey was open until July 8, 2024. The survey was also posted on the LCB's website and repeatedly mentioned during public board meetings. (Email Attached).

On July 31, 2024, a gov delivery notice went out informing the public that proposed rule language had been filed and [inviting the public](#) to provide written comments on the proposed rule language until September 11, 2024. (Email Attached).

On September 11, 2024, a [public hearing](#) was held on the proposed rule changes, during which, members of the public were invited to publicly speak about the rule changes.

Lastly, we have publicly committed to conducting a retrospective review in a year to examine whether the rule changes have resulted in increased enforcement actions and if so, to potentially re-open this rulemaking.

You are free of course to [sign up to speak](#) at the next Board meeting and provide your concerns to the Board directly.

Please feel free to follow up with any questions or concerns,

Sincerely,

Daniel Jacobs, Esq. *(he/him/his)*
Rules & Policy Coordinator
Washington State Liquor and Cannabis Board
Daniel.jacobs@lcb.wa.gov
Mobile: (360) 480-1238



Washington State Liquor and Cannabis Board

DISCLAIMER: The information provided above does not, and is not intended to, constitute legal advice; instead, all information, content, and materials included are done so in the scope of my employment as Policy & Rules Coordinator with the Washington State Liquor & Cannabis Board (LCB).

From: Fabian Toader <fabian@greenlabslc.com>
Sent: Monday, October 14, 2024 9:40 AM
To: Jacobs, Daniel (LCB) <daniel.jacobs@lcb.wa.gov>; LCB DL Rules <rules@lcb.wa.gov>
Cc: Caitlein Ryan <caitlein.ryan@thecannabisalliance.us>
Subject: Re: LCB Board Action: Cannabis Payment Flexibility Rules Finalized

External Email

So basically you don't care about my feedback, my business and how your rule affected, am I interpreting your response correctly? It took a whole week to respond, making sure we are on the same page.

Thanks,
Fabian

From: Jacobs, Daniel (LCB) <daniel.jacobs@lcb.wa.gov>
Sent: Monday, October 14, 2024 8:19:33 AM
To: Fabian Toader <fabian@greenlabslc.com>; LCB DL Rules <rules@lcb.wa.gov>
Cc: Caitlein Ryan <caitlein.ryan@thecannabisalliance.us>
Subject: RE: LCB Board Action: Cannabis Payment Flexibility Rules Finalized

Mr. Toader:

Yes, this is the LCB inbox for providing feedback on rulemaking.

These rules have already been finalized, however, this rulemaking was done in accordance with the [Administrative Procedures Act](#), and in addition to a survey that was distributed and posted on the LCB website for over a month in June, there was a public comment period open from July 31st through September 11th.

If you'd like more information about ongoing LCB rulemaking, please [sign up](#) for our Gov Delivery messages and select "rulemaking updates."

Please feel free to follow up with any questions or concerns,

Sincerely,

Daniel Jacobs, Esq. *(he/him/his)*
Rules & Policy Coordinator
Washington State Liquor and Cannabis Board
Daniel.jacobs@lcb.wa.gov
Mobile: (360) 480-1238



Washington State Liquor and Cannabis Board

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From: Fabian Toader <fabian@greenlabsllc.com>
Sent: Wednesday, October 9, 2024 4:40 PM
To: LCB DL Rules <rules@lcb.wa.gov>
Cc: Caitlein Ryan <caitlein.ryan@thecannabisalliance.us>
Subject: Re: LCB Board Action: Cannabis Payment Flexibility Rules Finalized

External Email

Is this the WSLCB alias for providing feedback?

Thanks,
Fabian

From: Fabian Toader <fabian@greenlabsllc.com>
Sent: Tuesday, October 8, 2024 5:37:58 PM
To: U-D-LCB-Rules <rules@lcb.wa.gov>

Cc: Caitlein Ryan <caitlein.ryan@thecannabisalliance.us>

Subject: Re: LCB Board Action: Cannabis Payment Flexibility Rules Finalized

Hello,

It appears that decisions have been made affecting my business without my awareness, which hindered my ability to react and provide feedback during the rulemaking process.

In the past five years, I have found no WSLCB rules beneficial to my business; more often, they have been detrimental to both my operations and the broader industry. However, **I wholeheartedly welcome the strengthened rule on payments for deliveries** as a positive change for the industry.

What I find problematic is the new rule requiring checks to be deposited within five days of receipt. Given the geographical constraints—my business, home, and the nearest bank are each 150 miles apart—this rule presents a significant challenge. A decade ago, regulations forced my business to be located 150 miles from home, and the 3-4 banks in Washington State approved for our transactions adds to the difficulty and cost.

Typically, payments received in Week 1 are processed at our facility in Week 2. Midway through Week 2, my wife collects the checks from our driver, verifies them at home, and then travels another 150 miles direction to deposit them. This process necessitates a minimum of 12 days from receipt to deposit, and **ideally 15 days to ensure compliance without undue stress**.

If you are already thinking "*can't he do mobile depositing?*". Yes, I could. But not my employees 150 miles away, they would have to have full access to the bank account according to OBEE Credit Union. I will never give access to my bank account to my employees because WSLCB thinks I should.

There are numerous regulatory requirements that may not be fully understood. Managing check slips and check mail receipts imposes significant administrative burden, which cannot be justified merely for convenience.

I urge you to consider the practical implications by examining a real-life scenario that incorporates our residences, business locations, and banking options. Please take the time to run through an actual scenario to validate your assumptions. You should have all the data you need: where each of us live, where our businesses are and what are the banks we work with. Whatever you end up deciding, please ensure that you are not regressing existing workflows and costing our business and industry additional money to comply with for something that is near impossible to achieve. Whatever decisions are made, it is crucial not to disrupt established workflows or impose undue financial burdens on our business and industry. You used to run feasibility studies at the beginning of time and would love to see you do that again, using third party companies that would remove your bias from decision making.

While I appreciate efforts to improve regulations, I urge you to focus on addressing bad actors without penalizing law-abiding businesses. It is essential to thoroughly assess the impact of these changes to demonstrate genuine support for our industry rather than inadvertently causing harm.

I HAVE PREVIOUSLY SENT OTHER CORRESPONDENCE TO THIS ALIAS AND RECEIVED NO RESPONSE. PLEASE ACKNOWLEDGE RECEIPT OF THIS EMAIL.

Thanks,

Fabian Toader

Green Labs LLC

----- Forwarded message -----

From: **Washington State Liquor and Cannabis Board** <wslcb@public.govdelivery.com>

Date: Wed, Sep 25, 2024 at 3:33 PM

Subject: LCB Board Action: Cannabis Payment Flexibility Rules Finalized

To: <scot@greenlabsllc.com>

Having trouble viewing this email? [View it as a Web page.](#)

Sept. 25, 2024

LCB Board Action: Cannabis Payment Flexibility Rules Finalized

On Sept. 25, 2024, during its regularly scheduled meeting, the Liquor and Cannabis Board (LCB) took the following cannabis-related action:

Final Rules Adopted – Effective Oct. 26, 2024

The Board adopted final rules (CR 103) to amend [WAC 314-55-115](#) detailing how licensees can buy cannabis from other licensees and pay for it with a check.

- [Concise Explanatory Statement](#)
- [Memorandum](#)

- [CR 103 filed as WSR 24-20-055 on September 25, 2024](#)

More information is available on the [LCB Current Rulemaking Activity](#) webpage. If you have any questions regarding this announcement, please contact rules@lcb.wa.gov. To sign up to receive email announcements for all LCB rulemaking activities visit the agency's sign-up [page](#). There you can register to receive updates and announcements for a wide variety of agency topics.

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This email was sent to scot@greenlabslc.com using GovDelivery Communications Cloud on behalf of:
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98504-3088



PDF

RCW 69.50.342**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 s 63**; **2020 c 133 s 3**; **2019 c 394 s 4**; **2015 2nd sp.s. c 4 s 1601**; **2015 c 70 s 7**; **2013 c 3 s 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 s 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 s 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**.

PDF

RCW 69.50.345**State liquor and cannabis board—Rules—Procedures and criteria.**

The board, subject to the provisions of this chapter, must adopt rules that establish the procedures and criteria necessary to implement the following:

(1) Licensing of cannabis producers, cannabis processors, and cannabis retailers, including prescribing forms and establishing application, reinstatement, and renewal fees.

(a) Application forms for cannabis producers must request the applicant to state whether the applicant intends to produce cannabis for sale by cannabis retailers holding medical cannabis endorsements and the amount of or percentage of canopy the applicant intends to commit to growing plants determined by the department under RCW **69.50.375** to be of a THC concentration, CBD concentration, or THC to CBD ratio appropriate for cannabis concentrates, useable cannabis, or cannabis-infused products sold to qualifying patients.

(b) The board must reconsider and increase limits on the amount of square feet permitted to be in production on July 24, 2015, and increase the percentage of production space for those cannabis producers who intend to grow plants for cannabis retailers holding medical cannabis endorsements if the cannabis producer designates the increased production space to plants determined by the department under RCW **69.50.375** to be of a THC concentration, CBD concentration, or THC to CBD ratio appropriate for cannabis concentrates, useable cannabis, or cannabis-infused products to be sold to qualifying patients. If current cannabis producers do not use all the increased production space, the board may reopen the license period for new cannabis producer license applicants but only to those cannabis producers who agree to grow plants for cannabis retailers holding medical cannabis endorsements. Priority in licensing must be given to cannabis producer license applicants who have an application pending on July 24, 2015, but who are not yet licensed and then to new cannabis producer license applicants. After January 1, 2017, any reconsideration of the limits on the amount of square feet permitted to be in production to meet the medical needs of qualifying patients must consider information contained in the medical cannabis authorization database established in RCW **69.51A.230**;

(2)(a) Except as provided in RCW **69.50.335**, determining, in consultation with the office of financial management, the maximum number of retail outlets that may be licensed in each county, taking into consideration:

(i) Population distribution;

(ii) Security and safety issues;

(iii) The provision of adequate access to licensed sources of cannabis concentrates, useable cannabis, and cannabis-infused products to discourage purchases from the illegal market; and

(iv) The number of retail outlets holding medical cannabis endorsements necessary to meet the medical needs of qualifying patients. The board must reconsider and increase the maximum number of retail outlets it established before July 24, 2015, and allow for a new license application period and a greater number of retail outlets to be permitted in order to accommodate the medical needs of qualifying patients and designated providers. After January 1, 2017, any reconsideration of the maximum number of retail outlets needed to meet the medical needs of qualifying patients must consider information contained in the medical cannabis authorization database established in RCW **69.51A.230**.

(b)(i) In making the determination under (a) of this subsection, the board must consider written input from an incorporated city or town, or county legislative authority when evaluating concerns related to outlet density.

(ii) An incorporated city or town, or county legislative authority, may enact an ordinance prescribing outlet density limitations. An ordinance may not affect licenses issued before the effective date of the ordinance prescribing outlet density limitations.

(iii) The board may adopt rules to identify how local jurisdiction input will be evaluated;

- (3) Determining the maximum quantity of cannabis a cannabis producer may have on the premises of a licensed location at any time without violating Washington state law;
- (4) Determining the maximum quantities of cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products a cannabis processor may have on the premises of a licensed location at any time without violating Washington state law;
- (5) Determining the maximum quantities of cannabis concentrates, useable cannabis, and cannabis-infused products a cannabis retailer may have on the premises of a retail outlet at any time without violating Washington state law;
- (6) In making the determinations required by this section, the board shall take into consideration:
 - (a) Security and safety issues;
 - (b) The provision of adequate access to licensed sources of cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products to discourage purchases from the illegal market; and
 - (c) Economies of scale, and their impact on licensees' ability to both comply with regulatory requirements and undercut illegal market prices;
- (7) Determining the nature, form, and capacity of all containers to be used by licensees to contain cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products, and their labeling requirements;
- (8) In consultation with the department of agriculture and the department, establishing classes of cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products according to grade, condition, cannabinoid profile, THC concentration, CBD concentration, or other qualitative measurements deemed appropriate by the board;
- (9) Establishing reasonable time, place, and manner restrictions and requirements regarding advertising of cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products that are not inconsistent with the provisions of this chapter, taking into consideration:
 - (a) Federal laws relating to cannabis that are applicable within Washington state;
 - (b) Minimizing exposure of people under 21 years of age to the advertising;
 - (c) The inclusion of medically and scientifically accurate information about the health and safety risks posed by cannabis use in the advertising; and
 - (d) Ensuring that retail outlets with medical cannabis endorsements may advertise themselves as medical retail outlets;
- (10) Specifying and regulating the time and periods when, and the manner, methods, and means by which, licensees shall transport and deliver cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products within the state;
- (11) In consultation with the department and the department of agriculture, prescribing methods of producing, processing, and packaging cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products; conditions of sanitation; and standards of ingredients, quality, and identity of cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products produced, processed, packaged, or sold by licensees;
- (12) Specifying procedures for identifying, seizing, confiscating, destroying, and donating to law enforcement for training purposes all cannabis, cannabis concentrates, useable cannabis, and cannabis-infused products produced, processed, packaged, labeled, or offered for sale in this state that do not conform in all respects to the standards prescribed by this chapter or the rules of the board.

[**2023 c 220 s 5**; (2023 c 220 s 4 expired July 1, 2024); **2022 c 16 s 65**; (2022 c 16 s 64 expired July 1, 2024). Prior: **2019 c 393 s 2**; **2019 c 277 s 6**; **2018 c 43 s 2**; **2015 c 70 s 8**; **2013 c 3 s 10** (Initiative Measure No. 502, approved November 6, 2012).]

NOTES:

Effective date—2023 c 220 s 5: "Section 5 of this act takes effect July 1, 2024." [[2023 c 220 s 9.](#)]

Expiration date—2023 c 220 s 4: "Section 4 of this act expires July 1, 2024." [[2023 c 220 s 8.](#)]

Effective date—2022 c 16 ss 65 and 68: "Sections 65 and 68 of this act take effect July 1, 2024." [[2022 c 16 s 174.](#)]

Expiration date—2022 c 16 ss 64 and 67: "Sections 64 and 67 of this act expire July 1, 2024." [[2022 c 16 s 173.](#)]

Intent—Finding—2022 c 16: See note following RCW [69.50.101](#).

Effective date—2019 c 393: "This act takes effect January 1, 2020." [[2019 c 393 s 6.](#)]

Intent—2019 c 393: See note following RCW [69.50.346](#).

Effective date—2019 c 277 ss 2 and 6: See note following RCW [69.50.348](#).

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

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

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WAC 314-55-115**Methods of payment for cannabis licensees purchasing cannabis.**

A cannabis licensee must pay cash for cannabis prior to or at the time of delivery. The 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 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 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 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**.

[Statutory Authority: RCW **69.50.342** and **69.50.345**. WSR 24-20-055, s 314-55-115, filed 9/25/24, effective 10/26/24. Statutory Authority: RCW **69.50.342** and 2022 c 16 § 168. WSR 22-14-111, § 314-55-115, filed 7/6/22, effective 8/6/22. Statutory Authority: RCW **69.50.342** and **69.50.345**. WSR 16-11-110, § 314-55-115, filed 5/18/16, effective 6/18/16.]