



Tier 1 Cannabis Producer Licensee Survey Report

Background & Purpose:

RCW 69.50.345(3) directed the Washington State Liquor and Cannabis Board (Board) to adopt rules establishing the “maximum quantity of marijuana a marijuana producer may have on the premises of a licensed location at any time without violating Washington state law.” In response to this mandate, LCB adopted rules under WAC 314-55-075(6) establishing limitations for three tiers of licensed marijuana producers. Current rule provides that Tier 1 licensees may produce up to 2,000 square feet, Tier 2 licensees may produce from 2,000 up to 10,000 square feet, and Tier 3 licensees may produce from 10,000 up to 30,000 square feet.

Since tier limits have been established, LCB has received requests from medical cannabis patients and segments of the industry to increase the availability of Department of Health (DOH) compliant product in licensed retail stores. LCB also learned that Tier 1 licensees were concerned about business viability based on canopy space restrictions. Recognizing this, LCB opted to begin exploring how it could support Tier 1 producers. Initial ideas included, but were not limited to incentivizing the production of DOH compliant product. On December 18, 2019, the Board approved a [Preproposal Statement of Inquiry](#) (CR101) to open discussion around revisions and new rule sections would incrementally expand the plant canopy square footage allowed for licensed Tier 1 producers. This approach supported patient access to safe cannabis products in alignment with stated priorities of [Second Substitute Senate Bill 5052](#) (2015 legislative session), and aligned with the goal of improving medically-compliant cannabis availability and identifying barriers to small business success described in LCB’s [2019 – 2024 Strategic Plan](#).

As part of the rule development process, two Listen and Learn sessions were held on June 23, 2020 and June 29, 2020. The first session was virtually attended by approximately 70 unique users, and the second by over 50 unique users. Consistent with the purpose of statement in the CR 101, these two sessions were designed to engage with the industry and other interested parties to review current rule section WAC 314-55-075, pertaining to marijuana producer license – privileges, requirements, and fees. Very few Tier 1 licensees attended or participated in either discussion. Some Tier 1 licensees communicated to rules staff that it was difficult to attend the sessions because they are small businesses and unable to spare personnel during normal business hours, while others indicated a fear of speaking honestly for fear of reprisal from other licensees.

Common themes that emerged from the Listen and Learn sessions:

- Direct sale of cannabis product to the public, possibly limited exclusively to medically compliant product or limited to sale of product only to medical card holders (requires statute change)
- Expanding canopy could support business viability for smaller producers and processors
- Allowance for licensees to move to Tier 2 or Tier 3 depending on maximum state canopy capacity; some suggesting to removal of tiers altogether

- Base licensing fees upon tier level (requires tiers to be established under statute and related statute change to licensing fees)
- Increase allowable licenses held from three to five, in line with total retail licenses allowed – as proposed by participants, would not necessarily be exclusive to Tier 1 licensees
- Canopy square footage requirements are difficult to uniformly measure and infrequently enforced

The Policy and Rules unit determined that to best elicit feedback directly from Tier 1 licensees, a targeted survey of those licensees would be necessary.

Methodology:

Policy and Rules staff designed survey questions to understand and assess the support needs and business viability of Tier 1 licensees. The intent was to provide a simple and relatively brief survey of multiple-choice questions that would provide meaningful and measurable responses. In addition, many of the questions afforded participants the opportunity to provide additional written feedback, if they so choose. All responses were to be anonymous using the SurveyMonkey online tool. A total of 10 questions were utilized in the survey.

A first round of survey recipients was based on active Tier 1 licensees as of July 2020, provided by WSLCB licensing staff. Survey invitations were sent via the SurveyMonkey tool on August 27, 2020, to a total of 179 recipients. The survey was left open for two weeks, and recipients were able to edit the survey before the close on September 10, 2020. A reminder message was sent on September 8, 2020, to those recipients who had not yet completed the survey. At the survey's close, 84 surveys were complete with 7 partially completed.

A second round of survey recipients was based on active Tier 1 licensees as of October 2020, provided by WSLCB licensing staff. Survey invitations were sent via the SurveyMonkey tool on October 16, 2020, to a total of 98 recipients. This recipient list excluded any active licensees who had been verified to have completed the first survey. The survey was left open for two weeks, and recipients were able to edit the survey before the close on October 30, 2020. A reminder message was sent on October 28, 2020, to those recipients who had not yet completed the survey. Due to technical issues reported by some licensees, the survey did not close until November 3. At the survey's close, 23 surveys were complete with 2 partially completed.

Limitations:

Survey Bias – Question responses were sorted and categorized by Policy and Rules staff. These sorted categories are broad topics and themes as identified and interpreted by staff. Sample comments provided were also selected based on relevancy and clarity.

SurveyMonkey – An active licensee emailed Policy and Rules staff on the final day of the second survey to inquire why they had not received an invitation for the survey. Based on correspondence with the licensee as well as with SurveyMonkey customer assistance, it was determined that certain domain addresses are by default filtering survey invitations. The domains affected were Microsoft email addresses ending in @hotmail.com, @msn.com, and some @outlook.com.

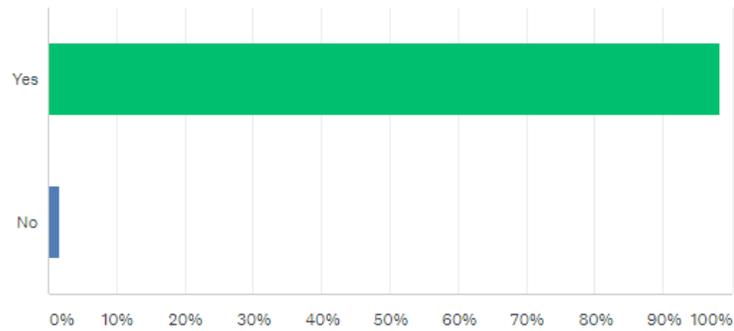
Results:

All results presented are totals from both the first and second round of surveys. Sample comments are presented as typed by respondents. Some sample comments may have been shortened, but otherwise are unaltered.

Question 1

Are you a Tier 1 licensee? This includes owners and/or operators of Tier 1 production and/or processors.

Answered: 116 Skipped: 0

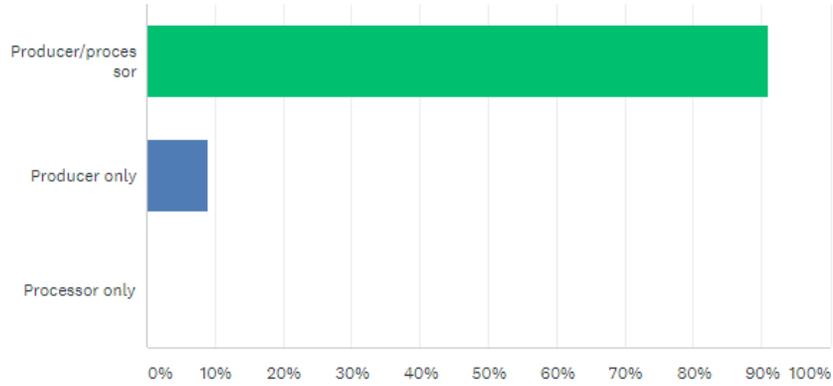


ANSWER CHOICES	RESPONSES
Yes	98.28% 114
No	1.72% 2
TOTAL	116

Question 2

Are you licensed as a producer/processor, producer only, or processor only?

Answered: 110 Skipped: 6

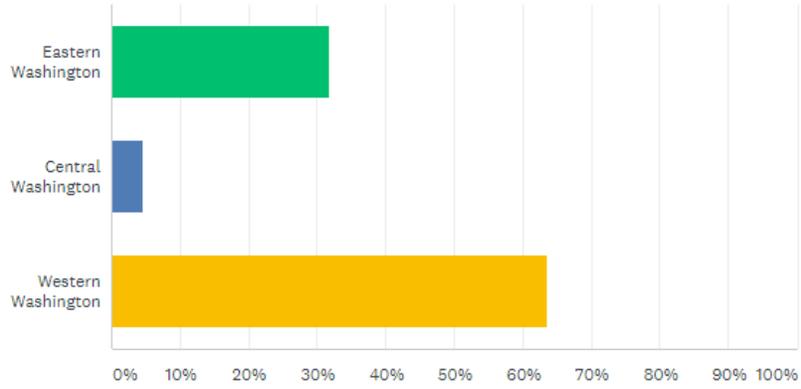


ANSWER CHOICES	RESPONSES
▼ Producer/processor	90.91% 100
▼ Producer only	9.09% 10
▼ Processor only	0.00% 0
TOTAL	110

Question 3

Where is your business located?

Answered: 110 Skipped: 6

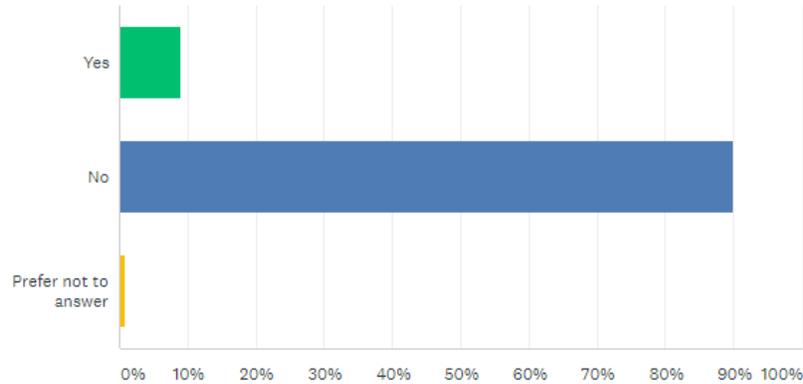


ANSWER CHOICES	RESPONSES
▼ Eastern Washington	31.82% 35
▼ Central Washington	4.55% 5
▼ Western Washington	63.64% 70
TOTAL	110

Question 4

Do you have additional Tier 2 or 3 marijuana licenses? If yes, please share.

Answered: 110 Skipped: 6



ANSWER CHOICES	RESPONSES
Yes	9.09% 10
No	90.00% 99
Prefer not to answer	0.91% 1
TOTAL	110

[Comments \(12\)](#)

Additional T1	<div style="width: 16.67%;"></div>	16.67%	2	View all	Edit	Delete
Producer/Processor	<div style="width: 41.67%;"></div>	41.67%	5	View all	Edit	Delete
Tier 2	<div style="width: 50%;"></div>	50%	6	View all	Edit	Delete
Tier 3	<div style="width: 8.33%;"></div>	8.33%	1	View all	Edit	Delete
Untagged	<div style="width: 16.67%;"></div>	16.67%	2	View all		

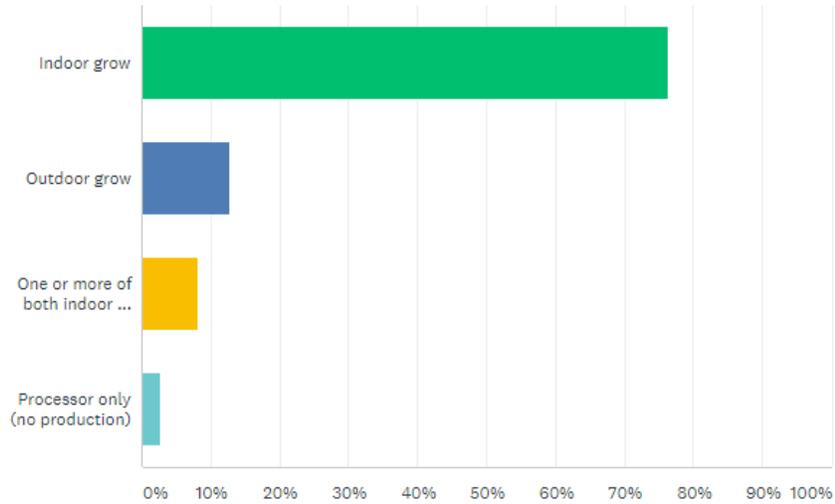
Tag Categories:

All as reported by respondents. Tags are not mutually exclusive, as some responses included both Producer/Processor in addition to other Tier 1, 2 or 3 licenses. Untagged consisted of one response of “n/a” and another indicating a desire to obtain a producer license.

Question 5

Is your Tier 1 business an indoor or outdoor grow?

Answered: 110 Skipped: 6

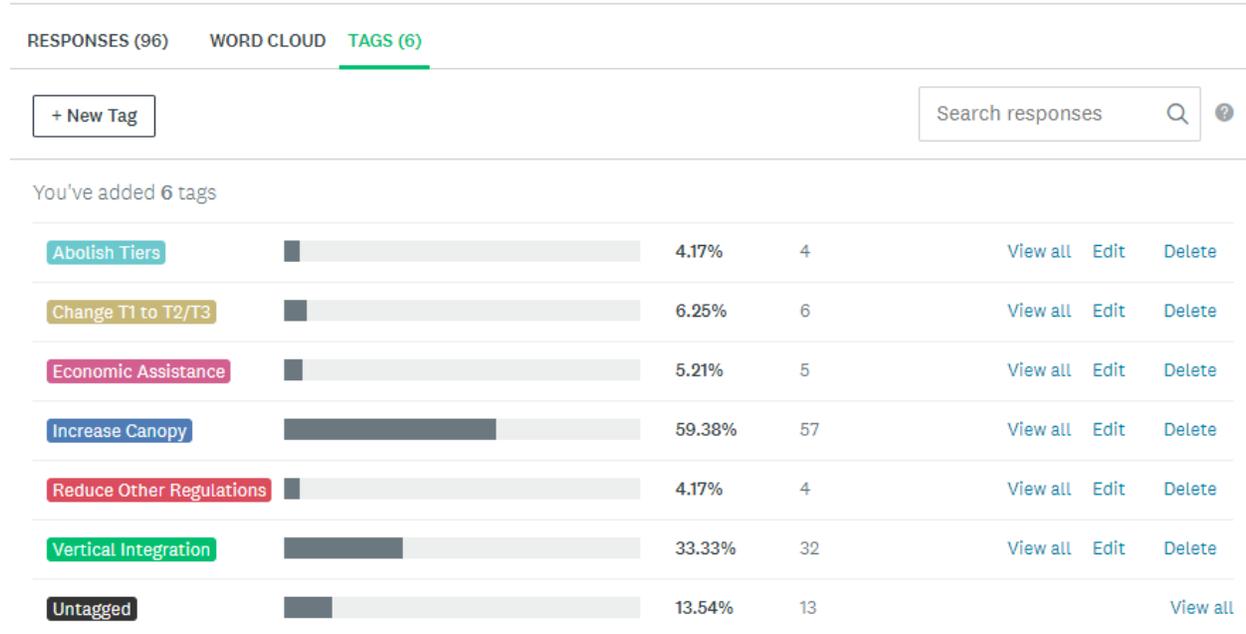


ANSWER CHOICES	RESPONSES
Indoor grow	76.36% 84
Outdoor grow	12.73% 14
One or more of both indoor and outdoor grow	8.18% 9
Processor only (no production)	2.73% 3
TOTAL	110

Question 6

What can LCB do to support your Tier 1 business? (Please note that the LCB cannot reduce or waive licensing or license renewal fees under RCW 69.50.325)

Answered: 96 Skipped: 20



Tags Categories:

Abolish Tiers – comments that reflected a general desire to abolish the tier system

Change T1 to T2/T3 – comments expressing a desire to transfer existing Tier 1 license to a Tier 2 or 3

Economic Assistance – requests range from tax relief to subsidies

Increase Canopy – requests for increase to allowable canopy for Tier 1 or other licensees

Reduce Other Regulations – comments suggesting other rule changes such as product testing

Vertical Integration – requests for some form of direct sale of medical or recreational product, or both

Untagged – Individual comments not sharing theme with others, or not applicable to this survey

Sample Comments:

“allow small farms direct access to customers and medical patients. Lessen the intensive tracibility requirements from per leaf to per plant or facility. Understand and lessen regulations on cannabis waste from production, open a farmers market where all producers have access to customers and direct sales. Allow multi flower lots for those producing in smaller quantities. Do not increase testing cost or add

additional testing instead allow strains to establish a thc range after a couple rounds of testing and do on site pesticide screening once or more a year lowing testing costs and increasing transparency. Also I am a disabled small businesses owner and have to have a driver please allow non employees in the delivery vehicle for those with disabilities or special needs.”

“increase the amount of space for marijuana production; provide incentive on electricity/fertilizers”

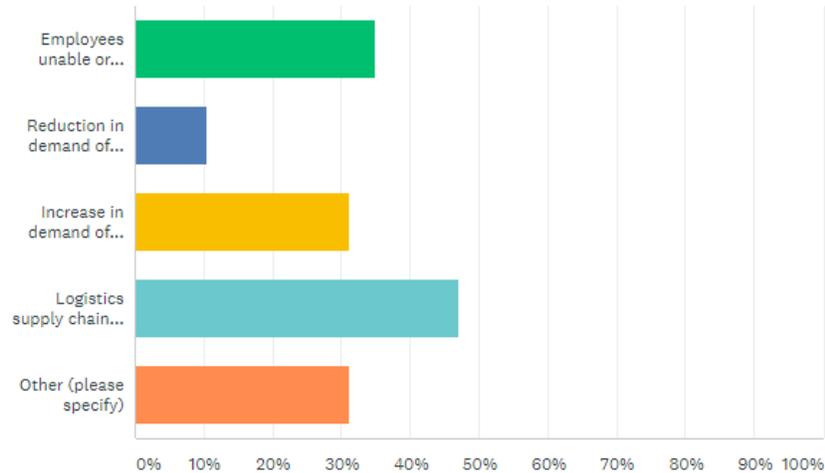
“Allow Tier 1 Canopy to get bigger, no way to compete with Tier 3. Also allow the Tier 1 to sell direct to the consumer via their location, farmers market or something. The Tier 1 is getting crushed by the competition. Basically right now if you are not one of the big monopolies then you are not going to make it.”

“Best means of support would be: 1) To allow an increase in canopy space 2) Allow for Tier 1 to be able to set up a public shop where customers can buy my product directly and 3) Allow for a tax break on the retailer's end which would reduce the tax a retailer has to pay on any Tier 1 products sold pout of their shop (this would give more incentive for retailers to buy from Tier 1's and allow Tier 1's to get a better price for product as well.”

Question 7

How has your business been impacted by COVID-19?

Answered: 106 Skipped: 10



ANSWER CHOICES	RESPONSES
Employees unable or unwilling to work	34.91% 37
Reduction in demand of product	10.38% 11
Increase in demand of product	31.13% 33
Logistics supply chain changes (shipping, distribution, etc.)	47.17% 50
Other (please specify)	Responses 31.13% 33
Total Respondents: 106	

Other Specified Responses:

"Finding Child care. Availability of necessary products to produce my product. Equipment, nutrients, and other things associated with growing."

"fertilizer prices has skyrocketed!!!!!!"

"I have not been in the grow since March. I have to do all work from home. Some products are more difficult to get, including PPE equipment and gloves"

Well, we have been a two man crew pretty much from the get go. At most we have 1 employee. At this time we do not have an employee do to concerns of catching the virus. Are product demand has gone up even higher than previously, so much so that we are unable to fulfill what the stores are wanting and we are only in 4-5 stores. Unfortunately certain items have gone up in tariffs or are really REALLY hard to get like rubbing alcohol for cleaning ect. But for the most part we have been extremely fortunate during these times. And hey the bright side is due to how heavy the stores are taxed all that money goes right back to the government."

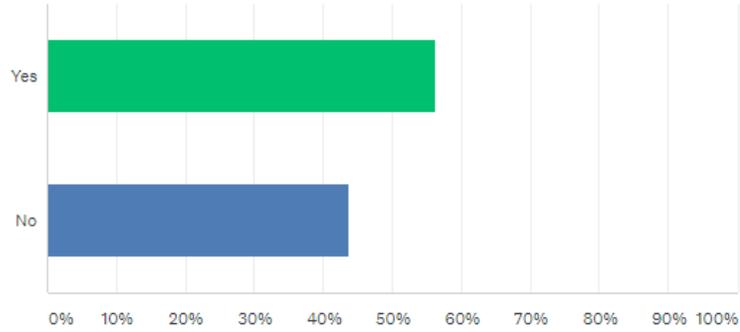
“Supply prices for things that require transportation like soil media have increased >25%. PPE like disposable gloves are no longer in stock”

“Lack of childcare has made working extremely difficult. As a very small tier 1 that is essentially operated by two families that are license holders we very very much appreciate the exceptions made to allow license holder's children to be on site during the pandemic. While we only utilize this occasionally and for short periods of time, it is the only reason we have been able to continue operating without schools and childcare being widely available.”

Question 8

Do you experience challenges in getting your product(s) to market?

Answered: 110 Skipped: 6

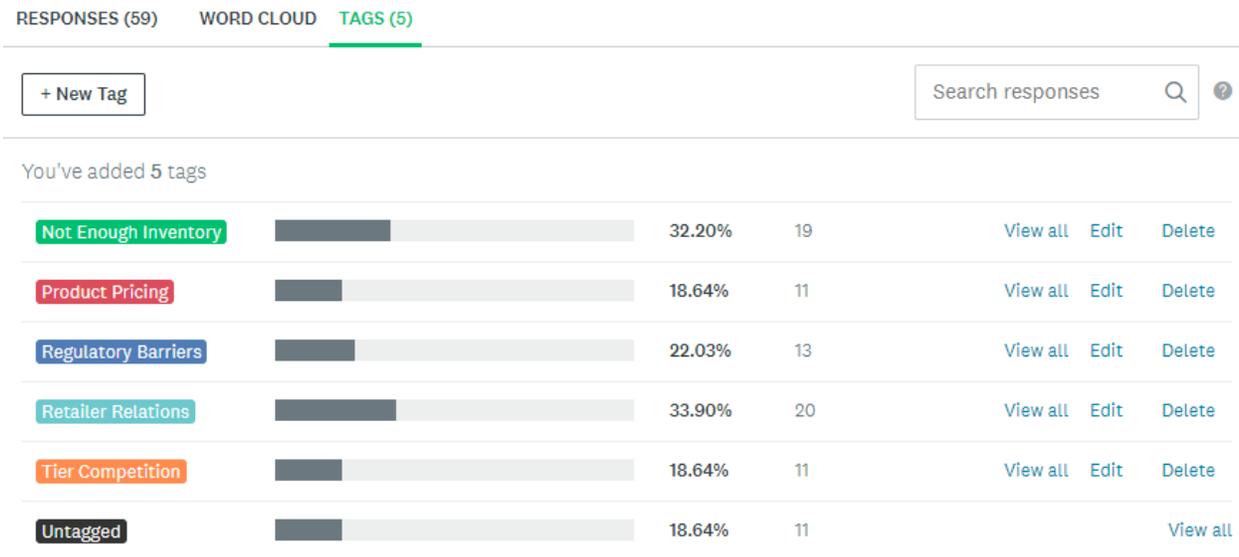


ANSWER CHOICES	RESPONSES	
Yes	56.36%	62
No	43.64%	48
TOTAL		110

Question 9

You indicated that you experience challenges in getting your product to market. Please describe some of those challenges.

Answered: 59 Skipped: 57



Tags Categories:

Not Enough Inventory – comments related to not being able produce enough product to meet demand

Product Pricing – generally referring to low margins of cost of production compared to sale price

Regulatory Barriers – wide ranging topics from product tracking to inability of direct sales

Retailer Relations – comments reflect retailer preference for larger producers, perceptions of retailer price fixing, retailer preference for “standardized bulk product”

Tier Competition – generally reflecting Tier 2/3 ability to provide bulk prices, ability of Tier 2/3 licensees to establish name brands

Untagged – Individual comments not sharing theme with others, or not applicable to this survey

Sample Comments:

“the state has made a multi stage system the eliminates the farmers ability to access customers, increases the cost massively to the customers and inflates tax revenue by adding unnecessary middlemen. Currently most stores marks up products 2x to 3x to cover taxes and make profit while completely leaving the producers out of the conversation because we have no other options. Currently stores and the state make more revenue per gram than producer processors for far less effort and costs.”

“fertilizers price has skyrocketed but product price to the market stay flat. Producer/processor sucks up all the cost.”

“Stores use strong arm tactics and their monopolies to force the prices down on the little guys. Because Tier 1's are so small they don't have the power to supply bigger accounts so all the retail shops are cut throat and basically price gouge you killing your profits. So something has to change for the Tier 1 to viable. Because right now they are not big enough to compete in this market. BUT microbrewers compete well in WA. What's the difference? they can sell to consumers and are not constrained to super small space.”

“It is very hard to get into a store with a reasonable price point. There is a very high monthly overhead for operating the business and as a result my bottom line price is very hard for retailers to accept since there are many other larger Tier 2 and Tier 3 farms that can produce much more and sell for less. If I was able to double my canopy size I would be able to compete much better.”

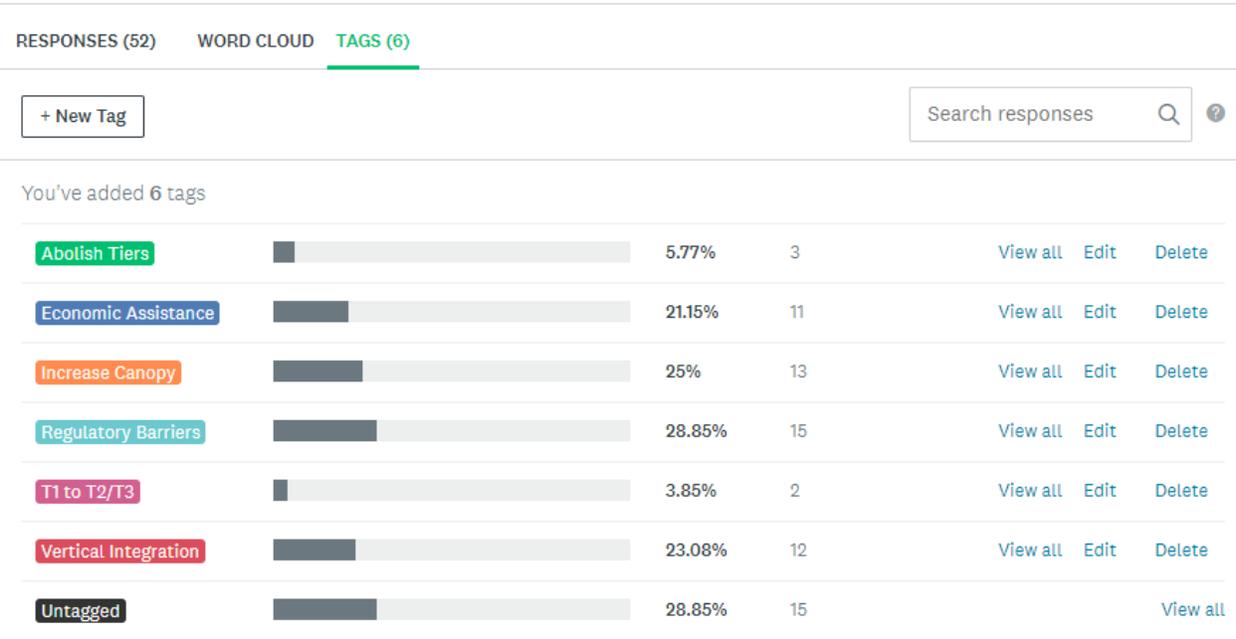
“Large retailers expect to lowball us on the price per gram or we are so small that we cannot produce enough for them. The smaller family retailers do support us but also at a lower price point.”

“Limited supply that can't meet the demand. The traceability system (that doesn't track anything) inhibits movement of product to and from licensees”

Question 10

We appreciate your participation in this survey. If you have anything additional to share, please do so below.

Answered: 52 Skipped: 64



Tags Categories:

Abolish Tiers – comments that reflected a general desire to abolish the tier system

Economic Assistance – requests range from tax relief to subsidies

Increase Canopy – requests for increase to allowable canopy for Tier 1 or other licensees

Regulatory Barriers – comments suggesting other rule changes such as product testing, cannabis product tracking systems, and agency interactions

Change T1 to T2/T3 – comments expressing a desire to transfer existing Tier 1 license to a Tier 2 or 3

Vertical Integration – requests for some form of direct sale of medical or recreational product, or both

Untagged – Individual comments not sharing theme with others, or not applicable to this study

Sample Comments

“I really would like the LCB licensing office to respond faster on licensing questions and rule interpretations. LCB for packaging and MJ business examiner both reply in a few days as does the WSDA, I have a question out to licensing from 3 months ago with repeated follow up emails and no response.”

“Allowing tier 1 licensee's to expand in canopy will result in a very small total increase in canopy size for all of WA. This will allow tier 1 licensee's to be competitive in the current market.”

“More grow space would allow us to expand -- when we are able to get more staff. The license fees, clean air license fees, water safety.....too many expensive fees THE PRICING SCHEDULED IS UNFAIR. Grower/processor get same reimbursement as the state and as the store. We work for 6 months to make the product and stores hold our product for two days to get same reimbursement as we do--and as the state does. Not enough law enforcement. No secure way for me to report violators and not be protected from them in the future. The honest producers must compete with the crooks.”

“Please consider how disadvantaged Tier 1 operators are. We could benefit from expanding canopy, allowing for a personal storefront to sell directly to customers, and also could benefit from giving retail shops more incentive to buy from Tier 1's, possibly but reducing the amount of tax they have to pay on Tier 1 Products. Thank you.”

“I would like to see some major changes in tracibility requirements and a decrease in overall regulation related to our industry. Currently the lcb is taking tracibility to the most extreme levels with providing little protections for the customers and greatly increasing the risks associated with being a producer processor from regulatory bodies. I would also like to see the state give us who actually make this industry and the tax revenue available be treated like real businesses instead or treating us like criminals while the state that made and designed the system takes little to no responsibility for the issues we have faced or the failures of the system.”

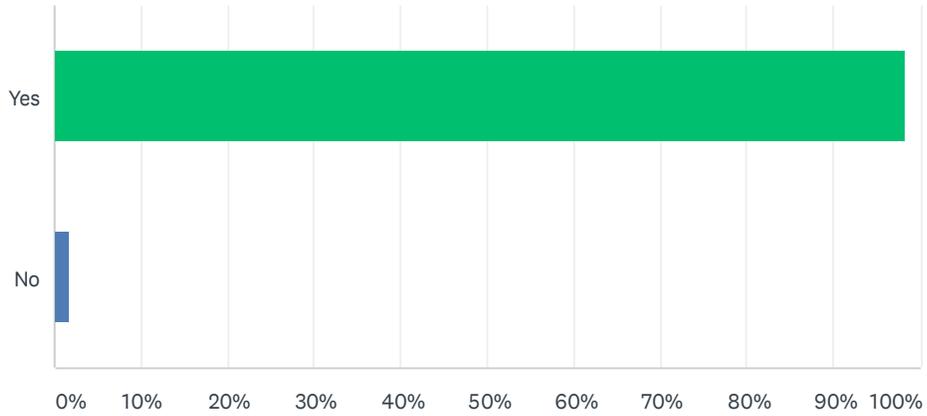
“...This needs to be fixed and soon we are dying. Not going into “committee” for several years listening to everyone with an opinion and “what they see”. It’s dead wrong calling my business a Tier 1 and hurting TAX revenues as we are NOT succeeding! Help us, fix this, you have the power to correct this. Better yet, abolish the Tier program all together. It’s a label, like judging someone based on skin color. Tier 1 lives Matter! It’s just that silly. Side notes: 1. Retailers ARE bullies! 2. Small farms are too busy running their farm to be involved is all this WSLCB stuff. 3. Retailers are multiplying the wholesale cost of product to 400 and 500%! That’s wrong and should be legislatively controlled. Everybody makes money but the farmer! It’s greedy....”

“The ability to participate in direct sales like wineries and breweries would help us a lot”

Attachment: Redacted Data

Q1 Are you a Tier 1 licensee? This includes owners and/or operators of Tier 1 production and/or processors.

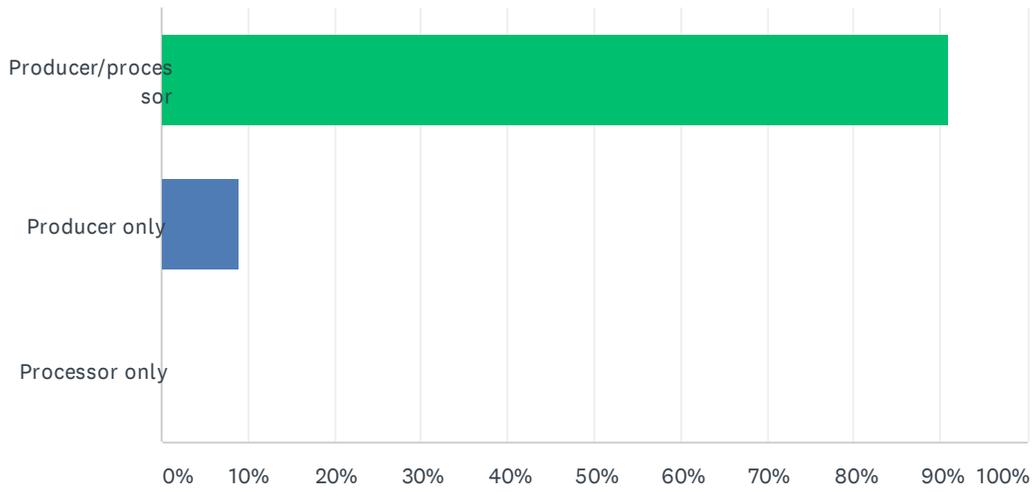
Answered: 116 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	98.28%	114
No	1.72%	2
TOTAL		116

Q2 Are you licensed as a producer/processor, producer only, or processor only?

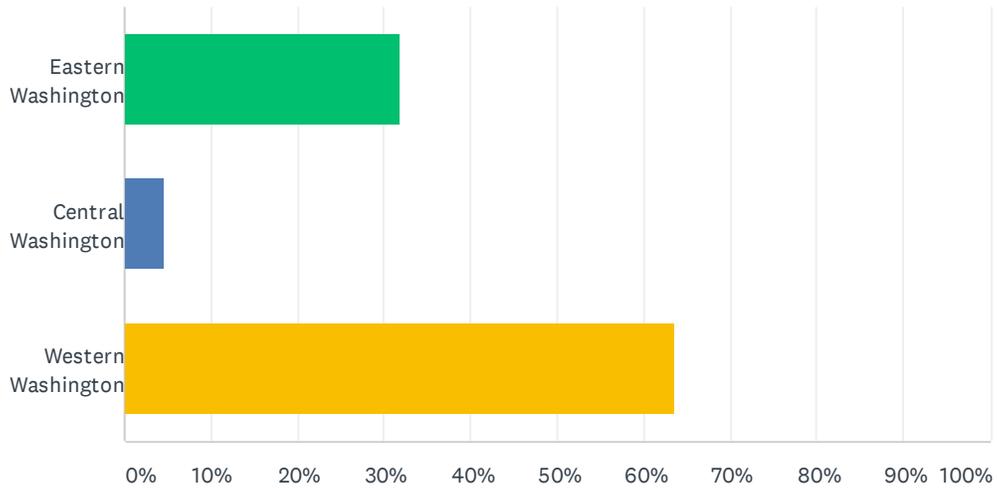
Answered: 110 Skipped: 6



ANSWER CHOICES		RESPONSES	
Producer/processor		90.91%	100
Producer only		9.09%	10
Processor only		0.00%	0
TOTAL			110

Q3 Where is your business located?

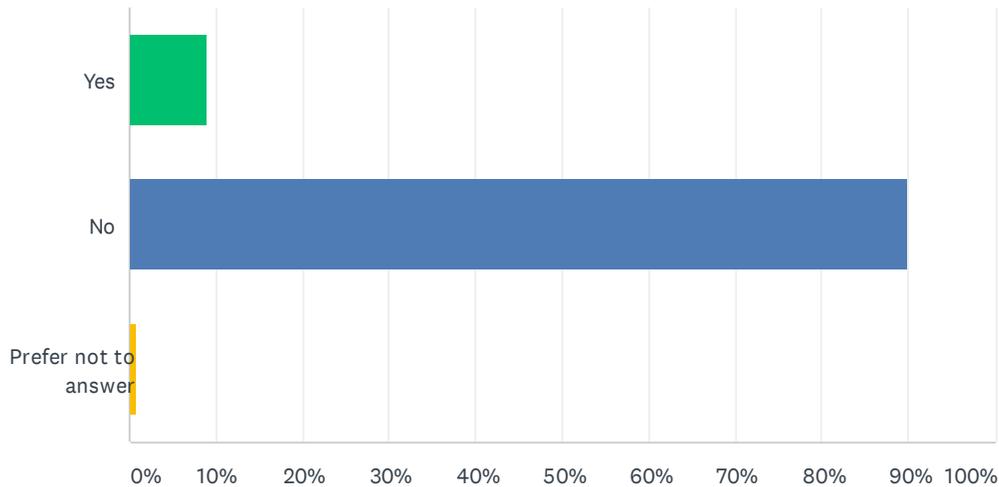
Answered: 110 Skipped: 6



ANSWER CHOICES	RESPONSES
Eastern Washington	31.82% 35
Central Washington	4.55% 5
Western Washington	63.64% 70
TOTAL	110

Q4 Do you have additional Tier 2 or 3 marijuana licenses? If yes, please share.

Answered: 110 Skipped: 6



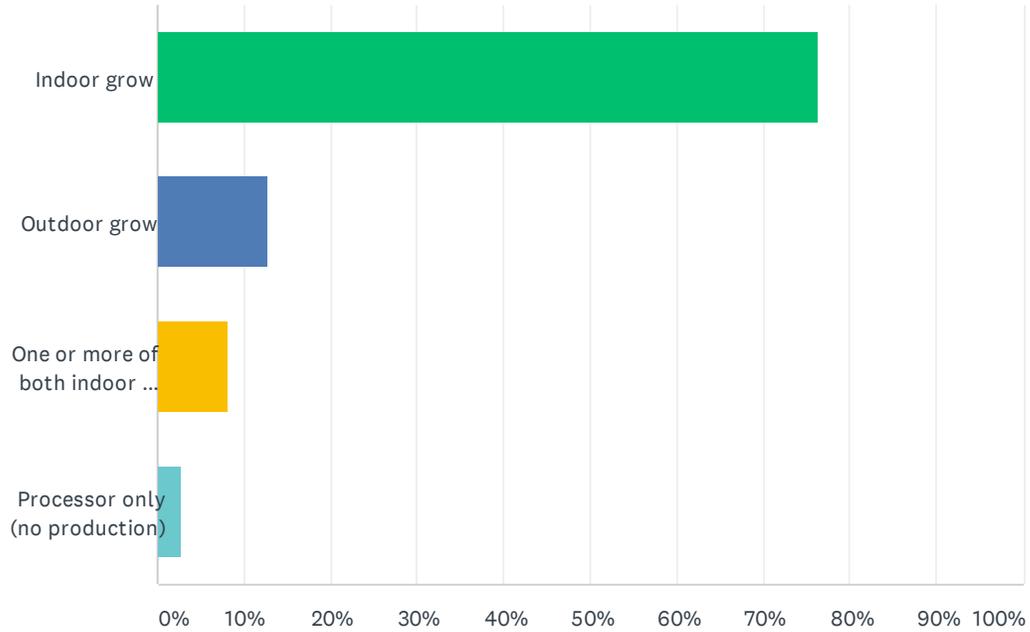
ANSWER CHOICES	RESPONSES
Yes	9.09% 10
No	90.00% 99
Prefer not to answer	0.91% 1
TOTAL	110

#	ADDITIONAL LICENSE TYPES (PLEASE SPECIFY)	DATE
1	Additional T1 T1	10/28/2020 5:35 PM
2	Producer/Processor Tier 2 1 additional tier 2 p/p	10/28/2020 10:35 AM
3	n/a	10/17/2020 12:31 PM
4	but I will need a producers license as well as soon as i start production	9/8/2020 7:14 PM
5	Tier 3 Tier 3	9/8/2020 9:05 AM
6	Tier 2 Tier 2	9/8/2020 8:39 AM
7	Producer/Processor Tier 2 Tier 2 Producer - Processor	9/8/2020 8:25 AM
8	Producer/Processor Tier 2 Just assumed a tier 2 p/p this year	9/1/2020 12:05 PM
9	Producer/Processor Tier 2 T2 P/P	8/27/2020 5:30 PM
10	Producer/Processor Producer/processor	8/27/2020 2:18 PM
11	Tier 2 Tier 2 producer	8/27/2020 10:32 AM
12	Additional T1 T1 [REDACTED]	8/27/2020 8:43 AM

NOTE: Licensee provided license number in line 12. It has been redacted to preserve privacy.

Q5 Is your Tier 1 business an indoor or outdoor grow?

Answered: 110 Skipped: 6



ANSWER CHOICES	RESPONSES	
Indoor grow	76.36%	84
Outdoor grow	12.73%	14
One or more of both indoor and outdoor grow	8.18%	9
Processor only (no production)	2.73%	3
TOTAL		110

Q6 What can LCB do to support your Tier 1 business? (Please note that the LCB cannot reduce or waive licensing or license renewal fees under RCW 69.50.325)

Answered: 96 Skipped: 20

Tier 1 Survey

#	RESPONSES	DATE
1	Vertical Integration Allow direct to consumer sales.	11/3/2020 11:02 AM
2	Abolish Tiers Remove canopy allotment	10/30/2020 3:06 PM
3	Increase Canopy Increase canopy size	10/29/2020 9:39 AM
4	Reduce Other Regulations Vertical Integration allow small farms direct access to customers and medical patients. Lessen the intensive tracibility requirements from per leaf to per plant or facility. Understand and lessen regulations on cannabis waste from production, open a farmers market where all producers have access to customers and direct sales. Allow multi flower lots for those producing in smaller quantities. Do not increase testing cost or add additional testing instead allow strains to establish a thc range after a couple rounds of testing and do on site pesticide screening once or more a year lowing testing costs and increasing transparency. Also I am a disabled small businesses owner and have to have a driver please allow non employees in the delivery vehicle for those with disabilities or special needs.	10/28/2020 1:11 PM
5	Vertical Integration Vertical integration	10/28/2020 1:00 PM
6	Vertical Integration #1-Increase lot sizes. #2-adjust tier sizes. 2k sf does not produce enough product to cover all the costs which mimic large farms- rent, insurance, packaging (more expensive for us since we purchase in smaller quantities).	10/28/2020 10:35 AM
7	Increase Canopy Increase allowed canopy space.	10/28/2020 8:40 AM
8	Change T1 to T2/T3 Allow us. As a tier 1 if we are in good standing meaning that we have no citations with the Lcb. We as a tier 1 should be able to step up to a tier 2 so we can compete with the larger farms. My understanding is that there are only a few on us small farms. We need to be rewarded for the surviving the market the last five years. Thank you.	10/28/2020 8:36 AM
9	Increase Canopy Allow for additional canopy, or answer licensing questions about producing new products faster	10/28/2020 8:23 AM
10	Vertical Integration Allow Tier 1 licenses to sell directly to the public	10/28/2020 8:16 AM
11	Change T1 to T2/T3 Increase Canopy Expand plant canopy to at least 5000 sq ft. or allow Tier 1 licensee to apply for a tier 2 license	10/27/2020 8:48 PM
12	Increase Canopy Vertical Integration Allow me to acquire a processor license from the state. Expanding my canopy size. Allow for direct sales to consumers via delivery.	10/20/2020 7:51 AM
13	Economic Assistance Increase Canopy increase the amount of space for marijuana production; provide incentive on electricity/fertilizers	10/17/2020 12:31 PM
14	Increase Canopy Vertical Integration Allow Tier 1 Canopy to get bigger, no way to compete with Tier 3. Also allow the Tier 1 to sell direct to the consumer via their location, farmers market or something. The Tier 1 is getting crushed by the competition. Basically right now if you are not one of the big monopolies then you are not going to make it.	10/16/2020 4:21 PM
15	Tier1 is a total different business that large grow ops. The biggest problem I have experienced is the expectations force to scale larger than desired just to cross all the T's Treating a tier 1 as a tier 3 is so wrong.	10/16/2020 3:21 PM
16	Vertical Integration Allow retailing	10/16/2020 3:11 PM
17	Increase Canopy Vertical Integration Increase canopy size, direct sale to consumers/medical patients	10/16/2020 11:14 AM
18	Increase Canopy Expand canopy	10/16/2020 8:38 AM
19	Increase Canopy Increase canopy	9/10/2020 12:01 PM
20	1) allow us to obtain a processors license; 2) don't let us small producers get squeezed out by the larger tier 2 and 3 producers	9/8/2020 7:14 PM
21	help with Federal Approval	9/8/2020 7:07 PM
22	Vertical Integration Allow tear one producers to sell directly to medical patients and/or general public	9/8/2020 4:13 PM

Tier 1 Survey

23	Nothnig at the moment Lcb has been very supportive	9/8/2020 1:20 PM
24	Vertical Integration Give us the right to sell our wares from our farms, the same way a vine maker can have a tasting room and sell directly to the public	9/8/2020 1:13 PM
25	Vertical Integration Let us sell out of business like winery's.	9/8/2020 12:18 PM
26	It's a tough industry	9/8/2020 11:56 AM
27	Help Teir one survive	9/8/2020 10:47 AM
28	Increase Canopy let us expand at least 2000 sq ft indoors	9/8/2020 10:08 AM
29	Not sure at this time	9/8/2020 10:02 AM
30	Vertical Integration Vertical integration	9/8/2020 9:05 AM
31	Allow me to relocate a license to a location that is not ready. But will not contain cannibis until approval is gained	9/8/2020 8:51 AM
32	Economic Assistance Increase Canopy Adjust taxes. Adjust grow canopy to help compete.	9/8/2020 8:39 AM
33	Increase Canopy Vertical Integration I need a minimum of 5000 sq ft or more to complete now and continue to grow with the market. I would like operate like a Wineries mod from alcohol side; direct sales, tasting, tours and education,delivering to medical patients.	9/8/2020 8:29 AM
34	Increase Canopy We need more canopy space!	9/8/2020 8:25 AM
35	Vertical Integration Give successful tier 1's the ability to sell directly to the public. As a tier 1 can't truly compete with a tier 3 when it comes to pricing. Just my 2 cents	9/6/2020 8:41 PM
36	Increase Canopy Allow Increased canopy or combined Tier 1 within Tier 2	9/4/2020 1:28 PM
37	Economic Assistance Increase Canopy Vertical Integration Best means of support would be: 1) To allow an increase in canopy space 2) Allow for Tier 1 to be able to set up a public shop where customers can buy my product directly and 3) Allow for a tax break on the retialer's end which would reduce the tax a retailer has to pay on any Tier 1 products sold pout of their shop (this would give more incentive for retailers to buy from Tier 1's and allow Tier 1's to get a better price for product as well.	9/4/2020 12:33 PM
38	Change T1 to T2/T3 Increase Canopy Increase the canopy. Allow license to expand based on success. Increase Lot sizes.	9/1/2020 12:05 PM
39	Vertical Integration We would like a retail license	8/31/2020 11:07 AM
40	Increase Canopy Allowing my business more plant canopy space is vital in regards to making the business a long lasting success. In such a new industry, it was impossible to originally understand that a tier 1 would be hard to sustain against much larger farms, producing larger quantities. We have all put the hard work, stress and money into these farms and deserve a fair shot at the long term success.	8/31/2020 9:38 AM
41	Make it easier to get an additional Tier 1 license or to make changes to an existing license	8/30/2020 3:14 PM
42	Increase Canopy Upgrade canopy size to 4000 sqf	8/30/2020 11:24 AM
43	Increase Canopy You can increase the square footage allowed for a tier one from 2000 to 5000 feet. That would allow us to be competitive in the market with larger grows.	8/28/2020 9:49 PM
44	Understand the reality: T1er 1 farms are owner-operated and are the working person's business model. WSLCB thinks we are all well-funded slick large corporate entities. In fact, we are actual people trying to make a go at this in the face of massive corporate farm choke holds.	8/28/2020 7:38 PM
45	Increase Canopy Allow us to get a processor license. Allow us large plant square footage.	8/28/2020 5:10 PM
46	Increase Canopy Allow for a bigger canopy	8/28/2020 1:49 PM
47	Increase Canopy Expand canopy to 4000.	8/28/2020 10:11 AM
48	Economic Assistance I know I currently receive information on changes, but it would be nice to get a monthly update on all rule changes that are going into effect within the next three to	8/28/2020 6:36 AM

Tier 1 Survey

four months. I know you can't do anything on the renewal fees , (60% of 1 month gross income for our business) needs to be changed. move 1/3rd from tier 1 to tier 3. 1 Producer/Processor .

49	Increase Canopy Vertical Integration Increase canopy size and permit direct sale to public (Medical and recreational)	8/28/2020 5:56 AM
50	Increase Canopy Please allow us to expand our canopy so we can grow our business.	8/27/2020 8:18 PM
51	Abolish Tiers Change T1 to T2/T3 Increase Canopy Remove the Tier system. Increase canopy to Tier 2. Help us. We are suffering.	8/27/2020 7:38 PM
52	Abolish Tiers Increase Canopy Allow tier 1's more sq ft, or just get rid of the tiers altogether.	8/27/2020 6:17 PM
53	Increase Canopy Expand canopy max	8/27/2020 5:30 PM
54	Increase Canopy Increase canopy size	8/27/2020 3:12 PM
55	Increase Canopy Increase canopy	8/27/2020 2:18 PM
56	Vertical Integration Allow direct retail sales	8/27/2020 1:26 PM
57	Increase Canopy Increase canopy size of 2000sq ft	8/27/2020 12:26 PM
58	so far so good!	8/27/2020 12:17 PM
59	Increase Canopy The ability to expand further could be helpful in being able to better compete with the rest of the industry.	8/27/2020 12:05 PM
60	Economic Assistance Pay for our testing fees or change to testing based on pounds produced per year. We have small harvests compared to larger tiers and testing is a huge expense that makes it difficult.	8/27/2020 12:00 PM
61	Vertical Integration Allow tier one to sell to public. Delivery to medical patients.	8/27/2020 11:51 AM
62	Reduce Other Regulations You can take away pointless rules for disposing of wasted material with soil. It's a pointless practice especially if the cannabis has been through any type of extraction process! All you're doing is adding unnecessary cost and creating a task that shouldn't exist! The material has close to no cannabinoids left over and it's a very stupid and time consuming process that isn't necessary for any tier of license to be doing	8/27/2020 11:50 AM
63	Abolish Tiers Increase Canopy Increase canopy size! Remove the tier system completely. If the license fees are the same for all then the canopy size should also be equal.	8/27/2020 11:48 AM
64	Increase Canopy Increase canopy so that we can level playing field	8/27/2020 11:38 AM
65	Let me expand my operation!	8/27/2020 11:27 AM
66	Increase Canopy Allow my square feet to increase	8/27/2020 11:22 AM
67	Increase Canopy Vertical Integration expand plant canopy max for tier 1 and/or allow on site sales for tier 1	8/27/2020 10:49 AM
68	Increase Canopy Larger canopy of up to 5000 sq ft.	8/27/2020 10:32 AM
69	Increase Canopy Vertical Integration Allow us more canopy or the ability to sell directly to consumers	8/27/2020 10:32 AM
70	Vertical Integration Be able to do mobile sales.	8/27/2020 10:29 AM
71	Increase Canopy Increase Tier size to 5,000 sq ft. Do not require medical plants/sales to expand canopy. If you do, allow failed medical crops to be used for recreational concentrates	8/27/2020 10:20 AM
72	Increase Canopy Increase canopy size	8/27/2020 10:13 AM
73	Increase Canopy Vertical Integration Expansion of canopy size to accommodate growth potential, directly service medical patients or allow for Med / Rec home delivery in House. Personally I have outgrown my facility and the Demand far exceeds the supply for High quality Indoor Grown product. Right now if I want to expand The cost to acquire New license, build out, wait for Approval on new facility, and all the other downtimes/costs would cripple my business.	8/27/2020 10:09 AM
74	Change T1 to T2/T3 Allow us to expand to a 2 or 3	8/27/2020 9:56 AM

Tier 1 Survey

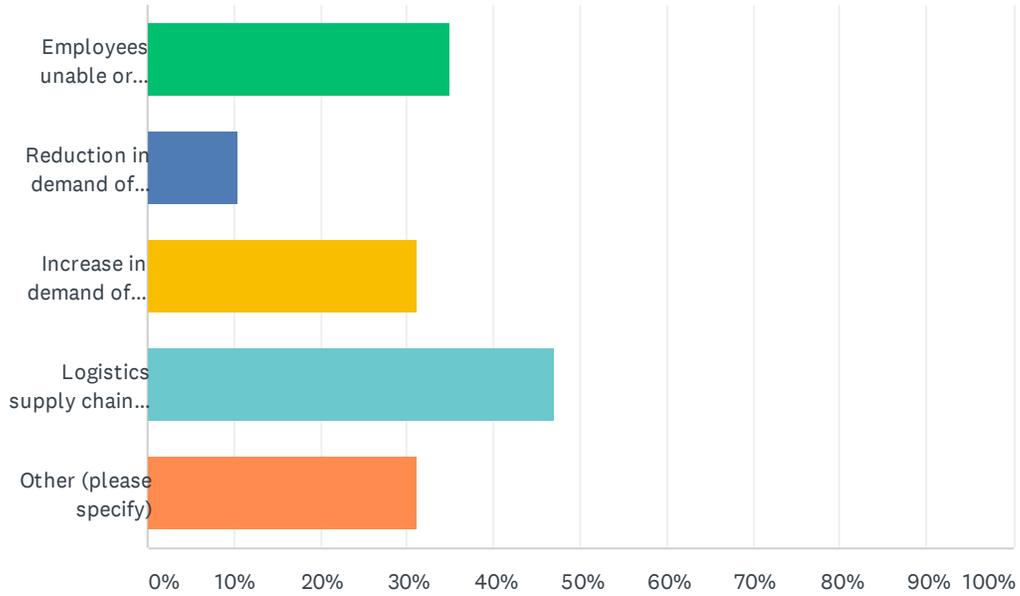
75	Increase Canopy Expand canopy, allow license to grow at another facility on the same license. If your current warehouse is built out, you cant expand without purchasing a new license. Tier1 growers should be able to buold out their comparitively small canopy without purchasing a new license. This would make it fair	8/27/2020 9:49 AM
76	Increase Canopy The proposed expansion of Tier 1 canopy would be one way to benefit the state as well as myself. I would love to expand, as demand for craft cannabis grows. Thank you!	8/27/2020 9:48 AM
77	Increase Canopy Increase Square footage for growing . To like 3,000 instead of the 2,000 it is.	8/27/2020 9:44 AM
78	Increase Canopy Vertical Integration Increase Tier 1 canopy to 10k square feet. Allow Tier 1 license to sell product directly to customers.	8/27/2020 9:34 AM
79	Increase Canopy Expand our canopy to be able to produce enough product to have a successful business. 8k to 10k sq. ft. would help immensely.	8/27/2020 9:28 AM
80	Increase Canopy More canopy please	8/27/2020 9:27 AM
81	Change T1 to T2/T3 Increase Canopy Vertical Integration The biggest mistake I made the day I applied for the license was not understanding the impact of Tier size selection. While at the counter filling out the application paperwork, I asked the counter clerk what the difference was in the 3 boxes to check for Tier 1, 2 or 3. Regardless of which box I checked, the fee was \$250 bucks. Her response was to just check the box on the size of the building I had to grow in. At that time, our initial location was an old house that was zoned commercial and was about 1200 square feet and so she directed me to check the Tier 1 box. Not understanding that I just completely limited our ability to expand, I checked the Tier 1 box. Here we are today, struggling to survive in a cut-throat commodity market, choked down by how much we can grow. So the first thing would be to increase the total canopy size for a Tier 1. Since we are limited by the amount we can produce and are regularly squeezed out by the large players in the industry with multiple Tier 3 licenses (and then some), being a Tier 1 that could sell our products directly to the consumer (vertical integration like many other states offer) would be of HUGE help! If we could have our own "factory outlet store" where we would be able to sell our own products. This would be AMAZINGLY HELPFUL in helping us keep the doors open on a tiny Tier 1.	8/27/2020 9:18 AM
82	Increase Canopy Increase our allowable canopy please!	8/27/2020 9:15 AM
83	Vertical Integration Ability to retailer are own product.	8/27/2020 9:09 AM
84	Increase Canopy Raise our maximum allowed canopy space to 3,000 square feet instead of 2,000.	8/27/2020 9:06 AM
85	Giving us some type of break	8/27/2020 9:03 AM
86	Increase Canopy Vertical Integration Additional canopy, selling direct to consumers would immensely help our limitations to thrive in I502.	8/27/2020 9:03 AM
87	Vertical Integration All of those could work but i like the idea allowing certain sales to the public or operating like a winery of sorts.	8/27/2020 9:00 AM
88	Increase Canopy Vertical Integration Allowing direct sales to medical patients. Expand canopy to 4000 square feet. Allow direct retail/agritourism. All in bill form at legislature. All would help make tier one a sustainable small business model	8/27/2020 8:56 AM
89	Increase Canopy Allow us to have more canopy space	8/27/2020 8:53 AM
90	Reduce Other Regulations As a Tier 1 owner/operator, the flavor of my life is burning the candle at both ends while still trying to keep this ship together. It is quite difficult to stay ontop of the changing laws in addition to remaining competitive and active in the distribution side of the business. I remember reading about a new proposed program that would allow us Licensees to get further education from our Enforcement Officers during site visits: to have a more collaborative and constructive approach to compliance rather than using punitive, adversarial measures like heavy fines to induce compliance. I work seven days a week to try and keep things going the right way, and want so dearly to be compliant with all laws. It would be great to have a partner in that effort in the LCB.	8/27/2020 8:51 AM
91	Vertical Integration Sell to consumer	8/27/2020 8:43 AM

Tier 1 Survey

92	Increase Canopy	Allow more canopy space. 2000sqft isn't enough to make money	8/27/2020 8:43 AM
93	Increase Canopy	Expand canopy, base fees on size of operation (to associate with regulatory effort/cost), expand our product offerings so we can create a sustainable business, connect T1s directly to Retailers to discuss potential finished product offerings that might work	8/27/2020 8:40 AM
94	Reduce Other Regulations	Fix the free traceability system to work better for those utilizing it.	8/27/2020 8:37 AM
95	Increase Canopy	Allow us to expand our canopy to be a viable business in the Washington Market or enforce the WAC that removes unused canopy from licensee	8/27/2020 8:36 AM
96	Increase Canopy	Vertical Integration Allow tier 1's an opportunity to sell directly to consumer and through retail. Expand our canopy up to 10,000 sq. Ft. To give indoor/outdoor grow operations the ability to manufacture enough product to be viable.	8/27/2020 8:35 AM

Q7 How has your business been impacted by COVID-19?

Answered: 106 Skipped: 10



ANSWER CHOICES	RESPONSES	
Employees unable or unwilling to work	34.91%	37
Reduction in demand of product	10.38%	11
Increase in demand of product	31.13%	33
Logistics supply chain changes (shipping, distribution, etc.)	47.17%	50
Other (please specify)	31.13%	33
Total Respondents: 106		

Tier 1 Survey

#	OTHER (PLEASE SPECIFY)	DATE
1	Failure in biotrack tracibility	10/28/2020 1:11 PM
2	Just recently acquired license. No impact yet.	10/28/2020 8:40 AM
3	relatively small so there has been no impact	10/28/2020 8:23 AM
4	Increase in packaging supply cost	10/27/2020 8:48 PM
5	Finding Child care. Availability of necessary products to produce my product. Equipment, nutrients, and other things associated with growing.	10/20/2020 7:51 AM
6	fertilizer prices has skyrocketed!!!!!!	10/17/2020 12:31 PM
7	Our costs go up but our prices are limited by because we work on the product for about six months with great expense and then we get one third of the sale price. The stores hold our products for only about two days--long enough to enter it in computer and put it on the shelf-- Then the store gets same amount of money as we do, and so does the state. The consumer thinks our product costs a lot, but they do not realize that the grower, processor gets only one third of the price or less	10/17/2020 3:30 AM
8	My kids are 3 & 5, they are too small to be on the premises. Having to take care of them has reduced my business.	10/16/2020 11:14 AM
9	No different	9/8/2020 12:18 PM
10	N/A	9/8/2020 11:56 AM
11	Nothing at this time as we are in the process of changing location	9/8/2020 10:02 AM
12	In build out phase. All local building inspectors have slowed immensely.	9/8/2020 8:51 AM
13	Not really!	9/8/2020 8:25 AM
14	Not much so far.	9/4/2020 1:28 PM
15	no change, We have a once a year annual outdoor crop we sell to a few vendors around the state. We make no profit , but if we had a retail license to sell our own product we could make profit. Similar licensing to a winery being able to have its own tasting room. If Cannabis were the same, being each producer / processor would be able to have it's own retail room, it would be profitable for the small producer / processors.	8/31/2020 11:07 AM
16	I have not been in the grow since March. I have to do all work from home. Some products are more difficult to get, including PPE equipment and gloves	8/30/2020 3:14 PM
17	Having hard time getting supplies. (gloves, mask, packaging, cleaning supplies).	8/28/2020 6:36 AM
18	No particular challenges with Covid.	8/27/2020 7:38 PM
19	We are arranging work areas to increase to 6ft distance between our workers	8/27/2020 5:30 PM
20	none	8/27/2020 3:12 PM
21	No impact at this time	8/27/2020 2:18 PM
22	Not much	8/27/2020 12:26 PM
23	Well, we have been a two man crew pretty much from the get go. At most we have 1 employee. At this time we do not have an employee do to concerns of catching the virus. Are product demand has gone up even higher than previously, so much so that we are unable to fulfill what the stores are wanting and we are only in 4-5 stores. Unfortunately certain items have gone up in tariffs or are really REALLY hard to get like rubbing alcohol for cleaning ect. But for the most part we have been extremely fortunate during these times. And hey the bright side is due to how heavy the stores are taxed all that money goes right back to the government.	8/27/2020 12:17 PM
24	It's super hard to obtain cleaning supplies needed to clean work stations	8/27/2020 11:50 AM
25	Lack of childcare has made working extremely difficult. As a very small tier 1 that is essentially operated by two families that are license holders we very very much appreciate the exceptions made to allow license holder's children to be on site during the pandemic. While we	8/27/2020 10:49 AM

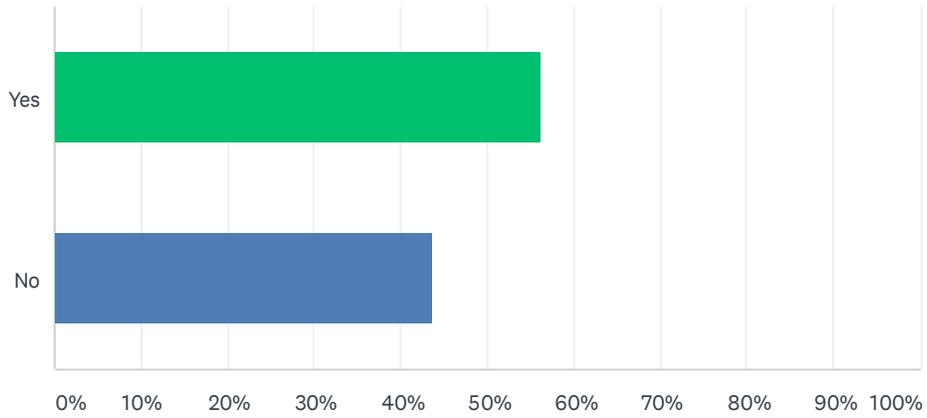
Tier 1 Survey

only utilize this occasionally and for short periods of time, it is the only reason we have been able to continue operating without schools and childcare being widely available.

26	All packaging distributors seem to be backlogged as well as suppliers of isopropyl alcohol and other items required to run this business	8/27/2020 10:32 AM
27	Costs of packaging has Dramatically Increased.	8/27/2020 10:09 AM
28	We have not been affected by the COVID-19 outbreak.	8/27/2020 9:09 AM
29	Having to watch family and not be able to work as much	8/27/2020 9:03 AM
30	Reducing exposure to Covid for delivery employees. Working with employees to not increase exposure to Covid during non work hours has been the most difficult.	8/27/2020 9:03 AM
31	Supply prices for things that require transportation like soil media have increased >25%. PPE like disposable gloves are no longer in stock	8/27/2020 8:40 AM
32	Made most everything more difficult and there is not the same support for our small businesses available.	8/27/2020 8:37 AM
33	Supply chain for packaging and other goods disrupted.	8/27/2020 8:35 AM

Q8 Do you experience challenges in getting your product(s) to market?

Answered: 110 Skipped: 6



ANSWER CHOICES	RESPONSES	
Yes	56.36%	62
No	43.64%	48
TOTAL		110

Q9 You indicated that you experience challenges in getting your product to market. Please describe some of those challenges.

Answered: 59 Skipped: 57

Tier 1 Survey

#	RESPONSES	DATE
1	Not Enough Inventory Retailer Relations Can't compete on scale with order demands. Menu too small orders too big	10/30/2020 3:09 PM
2	Retailer Relations the state has made a multi stage system the eliminates the farmers ability to access customers, increases the cost massively to the customers and inflates tax revenue by adding unnecessary middlemen. Currently most stores marks up products 2x to 3x to cover taxes and make profit while completely leaving the producers out of the conversation because we have no other options. Currently stores and the state make more revenue per gram than producer processors for far less effort and costs.	10/28/2020 1:15 PM
3	Unable to purchase jars extra.	10/28/2020 8:36 AM
4	Regulatory Barriers Covid rules and regulations	10/28/2020 8:15 AM
5	Not Enough Inventory Not having Processor license really limits my customer base. The size of my grow makes it very hard to supply enough product to cover the cost of operations.	10/20/2020 7:52 AM
6	Product Pricing fertilizers price has skyrocketed but product price to the market stay flat. Producer/processor sucks up all the cost.	10/17/2020 12:33 PM
7	Transport companies take no responsibility for damage of product in transit. They tell the grower to spend more time and money on protective packaging rather than protect the product (ie stack the boxes, do not expose to heat, etc) in transit	10/17/2020 3:32 AM
8	Retailer Relations Stores use strong arm tactics and their monopolies to force the prices down on the little guys. Because Tier 1's are so small they don't have the power to supply bigger accounts so all the retail shops are cut throat and basically price gouge you killing your profits. So something has to change for the Tier 1 to viable. Because right now they are not big enough to compete in this market. BUT microbrewers compete well in WA. What's the difference? they can sell to consumers and are not constrained to super small space.	10/16/2020 4:24 PM
9	Retailer Relations the upper tiers all seem to have their circle of partners and very difficult to except the low ball prices to compete with mass large grow/product. Tier1 is not set up for success its deemed to fail with severe sacrifice in price, makes it difficult to even stay at ZERO.	10/16/2020 3:26 PM
10	Retailer Relations Working with retailers has proven to be a constant uphill battle. Direct access to consumers would be amazing.	10/16/2020 3:14 PM
11	Product Pricing Price points, difficult to get the margins larger farms can get.	10/16/2020 11:16 AM
12	Product Pricing Pricing issues	9/10/2020 12:01 PM
13	Retailer Relations shelf space - very hard to push the established big growers off thier shelf space	9/8/2020 7:15 PM
14	Retailer Relations Who will take product and where	9/8/2020 7:08 PM
15	?	9/8/2020 4:14 PM
16	I get 34% Store get 33%.the state gets 33%. Just wrong. the store in the state should split 30%. And then what about the feds. They're gonna take 5%. I'll be down at 29%. Tier 1 should be Different level. Pure tier 1 only.	9/8/2020 1:51 PM
17	Product Pricing Retailer Relations Stores have no motivation to bring in new farms. They can dictate wholesale prices.	9/8/2020 1:14 PM
18	Retailer Relations Tier Competition competing with the big guys	9/8/2020 12:18 PM
19	Product Pricing Tier Competition Biggest challenge is wholesale buyers price points, notably the prices for outdoor product has went up year over year. Due to the shake out of production unable to turn a profit to stay in business	9/8/2020 11:57 AM
20	Its not like a normal markey place.	9/8/2020 10:47 AM
21	Retailer Relations Competition to get in stores for shelf space	9/8/2020 9:05 AM
22	I'm just a small business and one can only do so much. Everything is just so expensive.	9/8/2020 8:28 AM

Tier 1 Survey

23	Not Enough Inventory Regulatory Barriers	Small amount of product due to canopy, not economical to have all testing required for amount of product.	9/4/2020 1:29 PM
24	Not Enough Inventory Product Pricing Retailer Relations Tier Competition	It is very hard to get into a store with a reasonable price point. There is a very high monthly overhead for operating the business and as a result my bottom line price is very hard for retailers to accept since there are many other larger Tier 2 and Tier 3 farms that can produce much more and sell for less. If I was able to double my canopy size I would be able to compete much better.	9/4/2020 12:35 PM
25	Not Enough Inventory Retailer Relations	Limited Retail shops carry our product because of our lack of year round inventory	8/31/2020 11:08 AM
26		Just the fear of being exposed in hot spots around the state. Employees not comfortable traveling and coming home to expose their families.	8/28/2020 9:53 PM
27	Product Pricing Tier Competition	The LCB needs to understand: there is massive consolidation and essentially a distributor model from large farms. It is commonplace to be squeezed out by larger farms that offer bulk discounts, as well as farms that have their hands in multiple brands and product lines. The market is FLOODED with bulk, blanket purchases that are acquired at a discount, thereby giving stores a financial incentive to push those products because they get a better mark-up. LCB has consistently turned a blind eye to this.	8/28/2020 7:40 PM
28	Regulatory Barriers	We do not have a processor's license.	8/28/2020 5:10 PM
29	Not Enough Inventory Product Pricing Retailer Relations	Large retailers expect to lowball us on the price per gram or we are so small that we cannot produce enough for them. The smaller family retailers do support us but also at a lower price point.	8/28/2020 8:21 AM
30		Inability to get supplies for packaging purposes	8/28/2020 5:57 AM
31	Not Enough Inventory Retailer Relations	Remove the Tier system. Increase canopy to Tier 2. Do something! Help us. We are suffering and dying. I'm unable to: 1. regularly supply enough stores in a regular manner because of the minimal canopy allotment to begin to even profit. 2. Secure investment as a Tier 1 and 3. sell the business as buyers are seeking Tier 2 or 3 size canopies.	8/27/2020 8:34 PM
32	Regulatory Barriers	Cost of packaging , labeling and testing is too high.	8/27/2020 6:20 PM
33	Not Enough Inventory	To limited production to attract and keep retail stores.	8/27/2020 1:27 PM
34	Not Enough Inventory Retailer Relations	Being a small grow, we are not always able to meet the demand. Some retail stores prefer to have brands they carry stay on the shelf w new/fresh supply. Since we are not always able to grow enough product, they frequently have to fill in w other brands products until we can restock them. Some stores we have found prefer to have a more stable product they can offer; this can create challenges in establishing new retail stores we can sell to if we get dropped by a current vendor store. Being able to sell to multiple retail stores greatly reduces our risks should a store change their buying habits or choose to go in a different direction.	8/27/2020 12:15 PM
35	Regulatory Barriers	Transportation cost, in both time and money. Hard to run transportation, production, processing, record keeping and compliance.	8/27/2020 11:54 AM
36		I clicked the wrong button, I don't struggle to get my product to the market	8/27/2020 11:51 AM
37	Not Enough Inventory	Can't grow enough to hire help!	8/27/2020 11:49 AM
38	Tier Competition	Tier 2 and 3 get more attention from 3rd party transportation.	8/27/2020 11:39 AM
39	Regulatory Barriers	I have reworked my business plan, sold my processor license and I'm now trying to focus on breeding cannabis for seed and clones. To make my business viable I will need extra sq footage just to house the "mother" plants. Producers on average order 1000 clones at a time, each mother plant provides 10 to 12 clones. My average for clones successfully rooting and coming out healthy is about 85%. So if someone what's to do the math they will see that a lot of mother plants are needed. I was hoping for a "nursery" endorsement" that would allow me more square footage without adding more finished retail products., which is the argument I'm hearing...people are afraid that increased tier one canopy would further flood the market and bring down prices. My business plan does not do that.	8/27/2020 11:37 AM
40	Product Pricing Retailer Relations	store holdout purchases until you sell your product for 1.42 a gram bagged.	8/27/2020 11:24 AM

Tier 1 Survey

41	Regulatory Barriers Retailer Relations Tier Competition We are unable to purchase large quantities of packaging and growing materials and therefore do not get the advantage of scale efficiency. We also have a difficult time getting our products in front of buyers who are inundated with samples and farms trying to get into retail stores. Due to our small scale we also encounter challenges with advertising and marketing.	8/27/2020 11:22 AM
42	Difficulty in finding material to process for edibles.	8/27/2020 10:33 AM
43	Regulatory Barriers Finding packaging and good employees to package it up at a rate in which is required to make a profit	8/27/2020 10:32 AM
44	Product Pricing Tier Competition Impossible to compete with Tier2 & 3 wholesale , price point is unsustainable.	8/27/2020 10:31 AM
45	Regulatory Barriers restrictions on labeling and branding i have had to change all of my packaging because it was found to be to appealing to children	8/27/2020 10:14 AM
46	Not Enough Inventory I need a larger canopy size to supply the demand.	8/27/2020 10:10 AM
47	Not Enough Inventory Retailer Relations market wants vendor with volume more than hand trimmed quality	8/27/2020 9:56 AM
48	Not Enough Inventory With Covid we are paying transport companies to deliver all orders. Transport companies have increased their rates due to Covid. Also stores are requesting more product then we can produce at our canopy size.	8/27/2020 9:41 AM
49	Not Enough Inventory We sell out before the next harvest and then have to fight to get our products back on the shelf. If we had more canopy we wouldn't have these production issues	8/27/2020 9:28 AM
50	Not Enough Inventory Tier Competition The big players in this industry generate much larger volumes of revenue than a Tier 1 and therefore have more dollars to allocate to sales, marketing and branding. The operational costs of maintaining a Tier 1 license (such as license fees, bank fees, traceability cost of the software and management of it) are the same as a Tier 3 but as a Tier 1 being capped by what we can produce in-house, we don't have the ability to generate the revenues that are needed to allocate towards sales, marketing and branding.	8/27/2020 9:25 AM
51	Not Enough Inventory A lot of growers have a hard time getting their finished product to retail stores. Whether its price or product quality. I wholesale all of my material to other growers because it is less hassle than trying to sell to retail stores.	8/27/2020 9:13 AM
52	Regulatory Barriers Much more of the administrative demand. Much more requirements than alcohol sales.	8/27/2020 9:10 AM
53	the expense of delivery agents has risen	8/27/2020 9:03 AM
54	Not Enough Inventory Not enough volume to compete but thats because of the size of my location is all.	8/27/2020 9:01 AM
55	Regulatory Barriers Packaging requirements, manifesting, transferring - all costly processes right now for a small operation, and not enough sales to amortize the fixed costs over. Gives competitive advantage to larger producers.	8/27/2020 8:57 AM
56	Regulatory Barriers Retailer Relations Tier Competition We don't have the capability to show up at retailers at the beginning of each month to drop off 100 samples of a variety of strains like large producers do. We only grow one strain so that we minimize losses due to sampling of less than 5 lb lots (when you don't have a full 5 lb lot). We can sell to other p/p through Kush.com, but there's nothing set up to help us sell to retail. That's weird because it seems like it would help to have a site where producers could market and sell directly to retailers.	8/27/2020 8:57 AM
57	Not Enough Inventory Retailer Relations Tier Competition Price gouging from retail, coercive behavior from retail, not enough retail stores period. Too many retailers are low key involved in 502 grows. I am a smal business and find the demands a retail wants price/packaging wise for products doesn't encourage business growth it puts small, heritage farms/growers out of business. The large tier 2/3 have their way with retail and makes getting market share incredibly difficult.	8/27/2020 8:40 AM
58	Product Pricing Tier Competition Small producer competing against huge producers - compaired... Finding a solid location has been difficult also. Lot of crooked folks out there	8/27/2020 8:39 AM

Tier 1 Survey

taking advantage of how difficult it is for us to find suitable locations.

59	Not Enough Inventory Regulatory Barriers Limited supply that can't meet the demand. The traceability system (that doesn't track anything) inhibits movement of product to and from licensees	8/27/2020 8:37 AM
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Q10 We appreciate your participation in this survey. If you have anything additional to share, please do so below.

Answered: 52 Skipped: 64

Tier 1 Survey

#	RESPONSES	DATE
1	Thank you!	11/3/2020 11:03 AM
2	Abolish Tiers Please lift tier restrictions, make it a level playing field	10/30/2020 3:10 PM
3	Economic Assistance Regulatory Barriers I would like to see some major changes in tracibility requirements and a decrease in overall regulation related to our industry. Currently the lcb is taking tracibility to the most extreme levels with providing little protections for the customers and greatly increasing the risks associated with being a producer processor from regulatory bodies. I would also like to see the state give us who actually make this industry and the tax revenue available be treated like real businesses instead or treating us like criminals while the state that made and designed the system takes little to no responsibility for the issues we have faced or the failures of the system.	10/28/2020 1:23 PM
4	Regulatory Barriers I would like the LCB to understand the tier 1 farmer is hands on, all in, working 16+ hour days to keep it going. I feel that the LCB thinks we are not interested in attending the seminars or we don't care about the topics to show up. That can't be farther from the truth. We are growing, trimming, packaging, delivering... if we jump off the wheel to sit through all of your meetings- we will fail. If you could have just marijuana issues and not all of the other issues we don't care about, like liquor, that might help with participation. We are unimarginably busy trying to survive.	10/28/2020 10:41 AM
5	Please help tier 1 compete	10/28/2020 8:37 AM
6	Regulatory Barriers I really would like the LCB licensing office to respond faster on licensing questions and rule interpretations. LCB for packaging and MJ business examiner both reply in a few days as does the WSDA, I have a question out to licensing from 3 months ago with repeated follow up emails and no response.	10/28/2020 8:24 AM
7	Vertical Integration I think a farmers market for just Tier 1 licenses to sell directly to the consumer, or allowing Tier 1 licensees to finish their canopy at a secondary location or allowing tier 1 to sell directly to the public from their business is the way to add some equity into the industry	10/28/2020 8:19 AM
8	Increase Canopy Allowing tier 1 licensee's to expand in canopy will result in a very small total increase in canopy size for all of WA. This will allow tier 1 licensee's to be competitive in the current market.	10/27/2020 8:50 PM
9	I do believe the system in this state is a good one. To be great we the farmers being heard by the LCB will help us overcome our stumbling blocks to success. We are all in this together.	10/20/2020 7:55 AM
10	Economic Assistance Regulatory Barriers More grow space would allow us to expand -- when we are able to get more staff. The license fees, clean air license fees, water safety.....too many expensive fees THE PRICING SCHEDULED IS UNFAIR. Grower/processor get same reimbursement as the state and as the store. We work for 6 months to make the product and stores hold our product for two days to get same reimbursement as we do--and as the state does. Not enough law enforcement. No secure way for me to report violators and not be protected from them in the future. The honest producers most compete with the crooks--	10/17/2020 3:39 AM
11	Changes have to be made to keep Tier 1 viable. Right now they cannot compete.	10/16/2020 4:25 PM
12	Tier 1 was a dream for a one man band to set up and run with the pack... pipe dream.... never set up for the small guys. TOTAL FAIL.... frustrating, disappointing, regretful ect. had higher hopes it would get better but no fingernails left, losing hair, going grey, insomnia, depression, anxiety attacks, zero down time proves to me that I should have stuck with welding. Will never suggest anyone to get involved. Glutton for punishment	10/16/2020 3:35 PM
13	Thank you for all you do.	10/16/2020 3:14 PM
14	Increase Canopy A canopy expansion would greatly help our business and create more jobs/more income for current employees. During these hard times, they are the few percentage of people who have a job in our small city and they are grateful to the I-502 initiative.	10/16/2020 8:46 AM
15	Na	9/8/2020 1:52 PM
16	Thank you for the opportunity to be involved in our States budding industry, no pun intended ☺	9/8/2020 11:58 AM

Tier 1 Survey

17	Increase Canopy Vertical Integration We need expansion or ways to sell directly to the consumers	9/8/2020 10:48 AM
18	Increase Canopy we are a very successful company and the demand for our product is there and we are always sold out. we need the LCB to lift these restrictions so we can compete better and grow our company, thanks	9/8/2020 10:16 AM
19	Vertical Integration Allow vertical integration	9/8/2020 9:06 AM
20	T1 to T2/T3 Vertical Integration I have the #7 lic ever issued and one of first on eastern WA. I was a T2 on my application but my agent told me if I stated as a T1 it would be easier to get licensed and I could simply become a larger Tier down the road at any time, that was clearly not the case. I have heard of a handful of T1s that can make the 2k sq ft space limit work but all the rest, the much larger majority, are beginning for more space for nearly 6 years. A few loud voices seem to get the ear of WSLCB most and its very frustrating. The little guy out working hard is being ignored. I have been at idle waiting for more space so I can quit treading water and take off swimming with the rest of the industry. The Retail side is very corrupted, I have been ripped off and not paid, required to give high dollar gift bags to a retail chains 16 employees and host a party or kicked out of store, very high Markups where I was forced to sell very low yet the markup is top shelf... I was forced and sold wholesale under \$2 per gram and they markup same product for \$12 or more retail. The Medical Market is non existing and its a shame that we can't allow small farms to help them directly. Retail is way to busy for Medical and people need help to navigate.	9/8/2020 8:53 AM
21	Increase Canopy T1 to T2/T3 We have to have the Tier 2 License to sustain the Tier 1 because of lack of Canopy Space. We would like to be able to split the licenses, so that the Tier 1 could sustain itself, but it will not without increased canopy.	9/8/2020 8:49 AM
22	Increase Canopy Need to have canopy increased to at least 5000 square feet.	9/4/2020 1:30 PM
23	Economic Assistance Increase Canopy Regulatory Barriers Vertical Integration Please consider how disadvantaged Tier 1 operators are. We could benefit from expanding canopy, allowing for a personal storefront to sell directly to customers, and also could benefit from giving retail shops more incentive to buy from Tier 1's, possibly but reducing the amount of tax they have to pay on Tier 1 Products. Thank you	9/4/2020 12:37 PM
24	Vertical Integration Please consider allowing Tier 1 Producer / Processors to obtain a retail sales license for their own product at their own location.	8/31/2020 11:10 AM
25	Increase Canopy I am so thankful to be apart of such a new and exciting industry. When originally applying for a license over 6 years ago, I had never been apart of an indoor farm, nor growing cannabis, so 2000 square feet sounded suffice. Now that I have been working hard at this for the past 6 years, My business is thriving and additional canopy space is vital in order to not get choked out by the larger farms.	8/31/2020 10:06 AM
26	Regulatory Barriers We do not need more testing which will not do anything but to raise the cost of operating and higher price for consumers	8/30/2020 11:27 AM
27	Economic Assistance Due to the Clovis scare, my business has been drastically downsized to the point of closing. No help from the SBA due to the nature of the business has forced me to close my doors and suspended operations until further notice.☹️	8/28/2020 9:58 PM
28	Regulatory Barriers WSLCB literally does not have its finger on the pulse o the market, does NOT grasp the magnitude of the problem. Literally nothing the state has done has ever helped a micro farm.	8/28/2020 7:42 PM
29	Economic Assistance Regulatory Barriers I know we are a small tier 1 producer/processor (about 500 sqft of plants. We have been in business for over 5 years and we always have to save up to pay our insurance (90% of monthly income) and license renewal (60% of monthly income). and both have to be paid within 30 days of each other. A way to change the date of your renewal would help. I do not know if this something that LCB can do, but this kind of change is what would help us.	8/28/2020 6:51 AM
30	Economic Assistance Increase Canopy Regulatory Barriers Labeling our businesses as Tiers was not written into the original law, the pricing of licensing fees is grossly unfair and we have been set up to fail, not succeed. We all lose, the state, taxpayer, legislators. I'd like to see the WSLCB modify the farm size definition to something fair and equitable. Such as 30,000+ active feet of canopy type farms that use a minimum of 75% termed as a "Jumbo	8/27/2020 8:35 PM

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Commercial 30k". All others, something simple as "Craft" is fine. I know (and it's in the canopy report) Tier 2 and 3s that grow not much more... than we do, they are able to garner investment to get to the next level to succeed. We are in a horrible position, we were set up to fail from the start, Leadership did not know or understand this, but the data is clear. This needs to be fixed and soon we are dying. Not going into "committee" for several years listening to everyone with an opinion and "what they see". It's dead wrong calling my business a Tier 1 and hurting TAX revenues as we are NOT succeeding! Help us, fix this, you have the power to correct this. Better yet, abolish the Tier program all together. It's a label, like judging someone based on skin color. Tier 1 lives Matter! It's just that silly. Side notes: 1. Retailers ARE bullies! 2. Small farms are too busy running their farm to be involved is all this WSLCB stuff. 3. Retailers are multiplying the wholesale cost of product to 400 and 500%! That's wrong and should be legislatively controlled. Everybody makes money but the farmer! It's greedy. It's as Simple as that. A third for grower/processor and a third for the retailer and a third for taxes is enough! It's predictable, transparent and fair. Actually the producer should be getting more!

31	Regulatory Barriers Just about every rule change that we have done so far benefits the largest producers in let's make a rule change that benefits tier ones for once	8/27/2020 6:21 PM
32	N/A	8/27/2020 5:30 PM
33	Regulatory Barriers more education and less enforcement	8/27/2020 3:12 PM
34	Maybe don't allow for expansion on the tier ones. Hear me out, tier ones are usually processors, they do not need that much space. Secondly, if you were looking to be a "big company" maybe a tier one licence shouldn't have been your go-to and they should have purchased a larger tier. IDK I feel it will benefit large companies like phat panda if you allow tier ones to become larger, it will lead to more "families" gobbling up all the licencing they can and really for what? I hand full of tier one licencees? Monopoly is already A REALLY, REALLY, REALLY big problem in this industry. Some how in some way people are owning multiple licenses under multiple family names, but truly its a few small groups, this will only further complicate things. We aren't even using our max capacity for growing canopy space, yet we are very profitable. Making it bigger will make the monopoly that is already going on worse.	8/27/2020 12:22 PM
35	Abolish Tiers Remove the tier system! When you have a liquor license you don't have restrictions on how many bottle you can have in your bar. There should be equal canopy space for all! Or I will lose my life's savings. I will have worked 80 hours weeks for nothing. There is no way as a tier 1 I will survive in the long term.	8/27/2020 11:54 AM
36	Economic Assistance Regulatory Barriers Start making laws that actually make sense, reduce the tax rate because it's 100% theft at 43%	8/27/2020 11:52 AM
37	Regulatory Barriers Vertical Integration Farm stands to direct sell to local consumers would be helpful, the ability to buy our supplies tax exempt like all other businesses would also be helpful. Right now a few large growers are controlling the market pricing and the amount of product on the market. Because there is so much product on the market, large companies can maintain extremely low pricing models that push small tier 1 companies out of the market. The LCB needs to restrict how many licenses/sq footage a marijuana company can have. There needs to be a cap of 30,000 sq ft of canopy per business and it needs to be enforced.	8/27/2020 11:28 AM
38	No	8/27/2020 11:25 AM
39	Regulatory Barriers We are in process with a change of location application that will allow our business to expand greatly. At first our application seemed to be moving along quickly, but has stalled out for the past month. As a very small business operating on small margins, any delays in processing our application are very stressful as paying double rent and utilities on two locations for the duration of the application process is a major expense. We appreciate that everyone is working as efficiently as they can during the pandemic and while being remote, so we expected that there would be some delays. We are hoping they are resolved quickly so we don't have to pay many months of extra rent on two facilities. Thank you for listening and for asking for our input.	8/27/2020 10:52 AM
40	It just feels like if you only have a tier one producer processor license You can't really make a living	8/27/2020 10:33 AM
41	Please create equity with the Tier system, thank you .	8/27/2020 10:32 AM
42	Economic Assistance When recreational cannabis first went live in the Washington State marketplace, retail prices were MUCH, much higher than they are today. Without hesitation,	8/27/2020 10:18 AM

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the consumer paid the price and retailer shelves were emptied. Since then, prices have drastically dropped and it's been a race to the bottom amongst the Licensees. Just look at how many Licensees have gone out of business because it wasn't sustainable! The LCB should establish a fixed bottom price that will establish profitability at the level that makes it all happen and allows financial sustainability for Licensees to stay in business. A common multiplier is 3x markup from Producer to Retailer. So as a Producer, if we sell \$50,000 of wholesale product to a Retailer, then it sells at the retail level for around \$150,000. The State then takes their Excise Tax, Sales Tax and B&O Tax from that, and collects almost \$75,000 in tax revenue from that \$150,000. It cost us about \$45,000 dollars and a lot of risk, headache and hassle to generate that \$50,000 that we maybe had \$5,000 in profit. We created the pathway to generate \$75,000 in tax for State while creating \$5,000 to try and survive on. This is skewed and Licensees should be economically supported to survive as well. PLEASE, PLEASE create a financially sustainable model for us to stay in business! Thank you.

43	Economic Assistance Increase Canopy Vertical Integration In order to complete with the bigger companies driving prices down to beat out the ones that can't keep thier heads above water. We need to be able to expand or have other avenues to generate more income. Direct sales to consumers would help also	8/27/2020 10:13 AM
44	Abolish Tiers Economic Assistance I feel all I-502 companies should have the option to operate at any tier they choose and pay the difference in license fees that matches their chosen canopy size.	8/27/2020 9:54 AM
45	Vertical Integration The ability to participate in direct sales like wineries and breweries would help us a lot too.	8/27/2020 9:32 AM
46	Increase Canopy Raise our allowed canopy space to between 3,000-5,000 square feet. That would give us a fair chance against these bigger grows.	8/27/2020 9:15 AM
47	Vertical Integration We do not have full control of the destiny of our business. With the full dependency of a three tier system rather than a vertical system where we can control our sales to the consumer. As you can do with alcohol production and sales.	8/27/2020 9:13 AM
48	please help tier ones to succeed in the market as larger tier two and threes have.	8/27/2020 9:04 AM
49	Thanks for the survey	8/27/2020 8:57 AM
50	Increase Canopy Vertical Integration Please expand the tier 1 farms canopy and allow us to sell directly to consumers. We need more of a competitive advantage as compared to tier 2 and tier 3 farms.	8/27/2020 8:41 AM
51	Increase Canopy Vertical Integration Tier 1 expansion, more stores, ability for tier 1 to sell direct to consumer!!!!!!!!	8/27/2020 8:41 AM
52	Economic Assistance Regulatory Barriers I suggest using tax dollars allocated to the LCB to remove and track illegal cannabis cultivations and sellers instead of using the funds to inhibit rule following businesses	8/27/2020 8:39 AM