



## **CR103E Memorandum**

### **Emergency rule (CR103E) regarding WAC 314-55-570(3)(a), (b) and (c) – Social Equity Application Window**

Date: March 29, 2023  
Presented by: Daniel Jacobs, Policy and Rule Coordinator for  
Kathy Hoffman, Policy and Rules Manager

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#### **Background**

On March 1, 2023, the Board opened a 30-day window to accept applications for the Social Equity in Cannabis Program consistent with WAC 314-55-570 generally, and WAC 314-55-570(3)(a), (b), and (c) specifically. The 30-day application window was scheduled to close on March 30, 2023.

As part of the Social Equity in Cannabis Program application process, some applicants seek to form a new business entity by applying for certification as a limited liability company or similar business structure through the Washington Secretary of State's office. On or about March 20, 2023, LCB learned that there had been an unforeseeable and unexpected delay at the Washington Secretary of State's Office, resulting in a new business entity application processing backlog of over 10 days. The LCB believes that delay in processing is likely to impact the timely completion of all necessary requirements for some Social Equity Program applicants who are seeking to form a new business entity. For this reason, the LCB finds that an immediate temporary extension of the application window from 30 to 58 days is necessary to provide equitable opportunity for potential participants to complete the social equity application process.

The 58-day period aligns with the operational practices of the Washington State Department of Revenue's Business Licensing Services (BLS), the entity who accepts and processes LCB licensing applications. As an operational matter, BLS is required to close the application window on a Thursday, meaning that the application window will close on April 27, 2023, at 5:00 p.m.

## Reasons why rules are needed:

Immediate adoption of this temporary rule is necessary to preserve the general welfare including commerce and business as they relate to the Social Equity in Cannabis Program, its application process and program applicants by ensuring a fair and equitable opportunity for Washingtonians to participate in the program, including those who were disproportionately impacted by the war on drugs.

The Board has specific authority under RCW 69.50.335 to adopt rule concerning the application process for the Social Equity in Cannabis Program. The Board also has authority to adopt emergency rules under RCW 34.05.350 for the preservation of public health, safety or general welfare. This emergency rule:

- Temporarily extends the current 30-day application window for social equity applicants to 58 days.
- As the result of an unexpected and unforeseeable delay in processing new business entity applications, provides an equitable opportunity for social equity program applicants to complete the application process.

This emergency rule does **not** revise or otherwise change any other requirement of the existing social equity program application process, including submission of all required materials as described in rule.

## Process

Consistent with RCW 34.05.350, any agency may find that the immediate adoption, amendment, or repeal of a rule is necessary for the preservation of the public health, safety, or general welfare, and that observing the time requirements of notice and opportunity to comment upon adoption of a permanent rule would be contrary to the public interest. This rule change is exempt from the filing of a CR101, analytical, and public hearing requirements.

An emergency rule adopted under RCW 34.05.350 takes effect upon filing with the code reviser, unless a later date is specified in the order of adoption and may not remain in effect for longer than one hundred twenty days after filing.

Notice will be sent to all who have indicated that they want to receive notice of rule activity and posted to the Board's website.