



RULE-MAKING ORDER EMERGENCY RULE ONLY

CR-103E (December 2017) (Implements RCW 34.05.350 and 34.05.360)

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: March 29, 2023

TIME: 10:08 AM

WSR 23-08-039

Agency: Washington State Liquor and Cannabis Board

Effective date of rule:

Emergency Rules

- Immediately upon filing.
- Later (specify)

Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

- Yes
 - No
- If Yes, explain:

Purpose: WAC 314-55-570(3)(a),(b), and (c) – Social equity application process – application window. The Washington State Liquor and Cannabis Board (Board) has adopted an emergency rule to amend WAC 314-55-570(3)(a),(b), and (c) that temporarily extends the current initial application window from 30 days to 58 days.

Citation of rules affected by this order:

- New:
- Repealed:
- Amended: WAC 314-55-570(3)(a), (b), and (c)
- Suspended:

Statutory authority for adoption: RCW 69.50.335; RCW 69.50.342.

Other authority:

EMERGENCY RULE

Under RCW 34.05.350 the agency for good cause finds:

- That 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.
- That state or federal law or federal rule or a federal deadline for state receipt of federal funds requires immediate adoption of a rule.

Reasons for this finding:

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.

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.

**Note: If any category is left blank, it will be calculated as zero.
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.
A section may be counted in more than one category.**

The number of sections adopted in order to comply with:

| | | | | | | |
|----------------------------------|-----|-----|---------|-----|----------|-----|
| Federal statute: | New | ___ | Amended | ___ | Repealed | ___ |
| Federal rules or standards: | New | ___ | Amended | ___ | Repealed | ___ |
| Recently enacted state statutes: | New | ___ | Amended | ___ | Repealed | ___ |

The number of sections adopted at the request of a nongovernmental entity:

| | | | | | |
|-----|-----|---------|-----|----------|-----|
| New | ___ | Amended | ___ | Repealed | ___ |
|-----|-----|---------|-----|----------|-----|

The number of sections adopted on the agency's own initiative:

| | | | | | |
|-----|-----|---------|----------|----------|-----|
| New | ___ | Amended | <u>1</u> | Repealed | ___ |
|-----|-----|---------|----------|----------|-----|

The number of sections adopted in order to clarify, streamline, or reform agency procedures:

| | | | | | |
|-----|-----|---------|-----|----------|-----|
| New | ___ | Amended | ___ | Repealed | ___ |
|-----|-----|---------|-----|----------|-----|

The number of sections adopted using:

| | | | | | | |
|--------------------------------|-----|-----|---------|----------|----------|-----|
| Negotiated rule making: | New | ___ | Amended | ___ | Repealed | ___ |
| Pilot rule making: | New | ___ | Amended | ___ | Repealed | ___ |
| Other alternative rule making: | New | ___ | Amended | <u>1</u> | Repealed | ___ |

Date Adopted: March 29, 2023

Name: David Postman

Title: Board Chair

Signature:

