



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

Topic: Request to Amend WAC 314-55-310 Related to Cannabis Transportation
Date: September 11, 2024
Presenter: Cassidy West, Policy and Rules Manager

Background

On, July 16, 2024, Edgar Castaneda-Zarate (“Petitioner”), representing Dos Transportation, submitted a petition for adoption, amendment, or repeal of a state administrative rule to the Washington State Liquor and Cannabis Board (“Board” or “LCB”). The petition seeks to amend [WAC 314-55-310](#), governing transportation licenses, to permit “cross-docking” of cannabis and cannabis products (collectively, referred to herein as “products”) at a distribution fulfillment hub owned by the licensee. The petition request aims to enhance operational efficiency, safety, and support for social equity in the cannabis industry. The petition and accompanying email from the Petitioner are provided as attachments.

The current regulations require any vehicle used for transportation of products be delivered or returned to the shipper within 48 hours from the time of pick-up and does not permit temporary storage at any facility before reaching the final destination. Products must be in the transportation vehicle at all times as the vehicle is considered to be part of the licensed premises. The Petitioner argues that this rule creates undue stress on drivers, potentially endangering them due to long working hours and adverse weather conditions, and it makes the transportation process less efficient.

Issue

Whether the Board should initiate rulemaking to consider amending [WAC 314-55-310](#) to allow cannabis transportation licenses the ability to cross-dock products at their own fulfillment hub after picking them up from producers and processors and prior to delivering the products at the final destination.

Analysis

When making a recommendation to the Board regarding a petition for rulemaking, the Director’s Office Staff considers the following factors, to the extent practicable:

I. Rulemaking Authority & Statutory Obligations

The Revised Code of Washington (RCW) grants the Board authority to adopt rules regarding cannabis transportation. This includes, but is not limited to, determining the timing, methods, and procedures for how licensees transport and delivery these products within the state, as outlined in [RCW 69.50.342](#) and [RCW 69.50.345](#).

II. Safety & Public Health Implications

The proposed amendment could mitigate the risks related to driver fatigue and adverse weather conditions, potentially reducing the likelihood of vehicular accidents leading to improved public health outcomes. The current regulatory framework does not contemplate safety standards typical for commercial motor vehicles, such as hours of service.

III. Economic & Equity Considerations

Allowing more flexible transportation options may lower operational barriers and offer more flexibility, particularly benefitting smaller or newer operators, such as social equity licenses.

IV. Security Considerations

Although the proposal offers increased logistical flexibility, it also necessitates stringent security measures to prevent product diversion, including enhanced traceability and surveillance requirements.

Moreover, the high volume of cash and products that may be in cannabis transportation vehicles makes these transportation operations attractive for criminals, increasing the risk of theft.

V. Alignment with LCB Policy Goals & Priorities

The proposed amendment aligns with LCB's goals of enhancing public health and safety, improving operational efficiency, and reducing undue burdens, while fostering equitable opportunities for participation in the market. Currently, the LCB is not conducting any rulemaking related to cannabis transportation licenses or related requirements.

Since the transportation requirements in [WAC 314-55-310](#) have not been substantially updated since the rules were first filed in 2016 as [WSR 16-11-310](#), it would be prudent to review and update to ensure the rules are practical and reflect the evolving nature of the cannabis industry, which also aligns with LCB's goal to ensure the regulations reflect the practical realities of the industry.

VI. Stakeholder Interest

Although no public comments were received on the petition request, LCB staff have gathered feedback through informal discussions with industry participants. This feedback indicates a strong interest in amending transportation license requirements to enhance operational flexibility and improve the safety and security of transportation operations. Should rulemaking proceedings commence, it is anticipated that there will be significant interest from industry participants in supporting these changes.

VII. Merit of Petitioner's Request

The Petitioner proposes a practical solution that is common in other industries and may address current operational challenges that could benefit both the industry and public safety. Additionally, the proposed change could enhance Washington’s cannabis transportation framework by making it more adaptable and resilient to industry change.

VIII. Intraagency Impacts

Licensing: Implementing the proposed change would necessitate resources for the division to review and approve floor plans and diagrams for fulfillment hubs where products may be temporarily stored. This could include ensuring that designated storage areas are clearly defined and secure and meet the required safety and security standards. Additionally, the division may need to update the current transportation licensing process to include specific criteria for fulfillment hubs, ensuring that licensees comply with all new requirements for temporary storage.

Enforcement & Education: Implementing the proposed change would require additional resources to effectively educate and enforce the new requirements. This may involve training compliance consultants and officers, developing educational materials, updating parameters in CCRS to ensure adequate traceability, and developing internal protocols and procedures.

Finance: Division resources may need to be allocated to assess and manage costs related to the proposed change.

Information Technology/Infrastructure: Implementing the proposed change would not require any system updates to CCRS to ensure compliance with the traceability requirements.

Director’s Office: Staff and resources are required to be allocated to manage rulemaking and related activities.

Recommendation

For the reasons described above, Director’s Office staff recommend that consistent with RCW 34.05.330(1)(b), the Board accept the petition submitted on July 16, 2024, by Edgar Castaneda-Zarate, representing Dos Transportation, requesting to amend the transportation requirements in WAC 314-55-310.

Accepting the rule petition initiates rulemaking proceedings and invites the public to provide feedback on the subject of the rulemaking, consistent with the Administrative Procedures Act (APA) outlined in [chapter 34.05 RCW](#).

Board Action

After considering the recommendation of Director’s Office staff, the Board accepts/denies the petition for rulemaking received from Edgar Castaneda-Zarate on July 16, 2024 requesting amendments to WAC 314-55-310.

Accept Deny



David Postman, Chair

9.11.2024
Date

Accept Deny

Not Present

Ollie Garrett, Board Member

9.11.2024
Date

Accept Deny



Jim Vollendroff, Board Member

9.11.2024
Date

Attachments

1. Relevant laws & rules
2. Petitioner's email
3. Petition form