



PREPROPOSAL STATEMENT OF INQUIRY

CR-101 (October 2017) (Implements RCW 34.05.310)

Do **NOT** use for expedited rule making

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FILED

DATE: October 09, 2024

TIME: 12:32 PM

WSR 24-21-050

Agency: Washington State Liquor and Cannabis Board

Subject of possible rule making: Title 314 WAC. The Washington State Liquor and Cannabis Board (LCB) is considering amending WAC 314-55-035 and amending, repealing or creating new sections of Title 314 WAC as necessary to identify the conditions under which Employee Stock Ownership Plans (ESOP) may be permitted to have partial or complete ownership of cannabis licensees while complying with existing Washington statutes and regulations on true parties of interest and other laws relating to cannabis licenses. The rulemaking may extend to the permitted use of ESOP in liquor licenses.

Statutes authorizing the agency to adopt rules on this subject: RCW 66.08.030 (alcohol); RCW 69.50.342 (cannabis); RCW 69.50.345 (cannabis).

Reasons why rules on this subject may be needed and what they might accomplish: In May 2024, the LCB accepted a petition for rulemaking submitted by the Washington Cannabis Association requesting amendments to WAC 314-55-035 regarding true parties of interest to identify ESOP as a permissible entity for an ownership interest in a cannabis business in accordance with Washington statutes and regulations. This rulemaking may address explicitly allowing ESOPs to operate within existing Washington state cannabis statutes and regulations while preserving the intent of Substitute Senate Bill 5096, chapter 392, Laws of 2023, making it the public policy of the state of Washington to encourage the use of ESOP. The rulemaking may extend to the use of ESOP in liquor licenses as well. Other rule changes may be needed to ensure that ESOPs are not used to avoid compliance with other statutes and regulations.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies: None.


Process for developing new rule (check all that apply):

- Negotiated rule making
- Pilot rule making
- Agency study
- Other (describe) Collaborative rule making.

Interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication by contacting:

	(If necessary)
Name: Daniel Jacobs, Policy and Rules Coordinator	Name:
Address: PO Box 43080, Olympia, WA 98504	Address:
Phone: 360-480-1238	Phone:
Fax: 360-704-5027	Fax:
TTY:	TTY:
Email: rules@lcb.wa.gov	Email:
Web site: lcb.wa.gov	Web site:
Other:	Other:

Additional comments: Interested persons can participate in the rule process through open public meetings and by submitting written comments, and are encouraged to sign up for the interested parties list (GovDelivery) at <https://public.govdelivery.com/accounts/WALCB/subscriber/new>. Rulemaking notices and stakeholder engagement opportunities will be emailed via GovDelivery and posted to the LCB website at lcb.wa.gov.

Date: October 9, 2024	Signature: 
Name: David Postman	
Title: Chair	