



Washington State Liquor and Cannabis Board

Cannabis Licensing

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Washington State Liquor and Cannabis Board

Agenda

- **Overview – History of Medical Cannabis**
- **Initiative 502 - Initial Application Process**
- **Senate Bill 5052- Medical Merge**
- **Determination of License Allocations**
- **Local Bans and Moratoria**
- **Retail Operational Requirements**
- **Social Equity Program**



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Initiative 502 - Initial Application Process

November 2013 – December 2013: Application Window

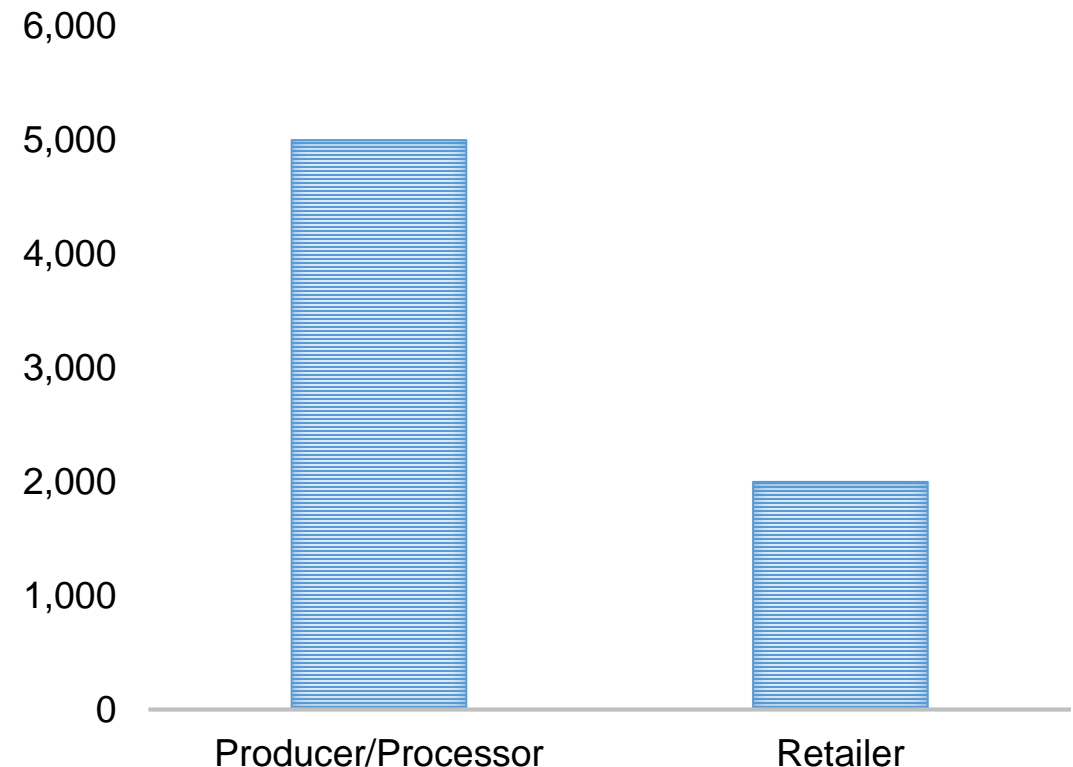
- Opened for 30 days
- Received over 7,000 applications:
 - Producer Tier 1 (max 2,000 square feet)
 - Producer Tier 2 (max 10,000 square feet)
 - Producer Tier 3 (max 30,000 square feet)
 - Processor
 - Retailer

February 2014: Retail Lottery Prescreen Requirements

- All true parties of interest/spouses meet Washington residency requirements
- All true parties of interest/spouses are at least 21 years of age
- Applying entity is formed in Washington State
- Location address meets 1,000' distance requirement
- Applicant has the right to real property (letter of intent signed by the landlord)

April 2014: Independent Double Blind Lottery

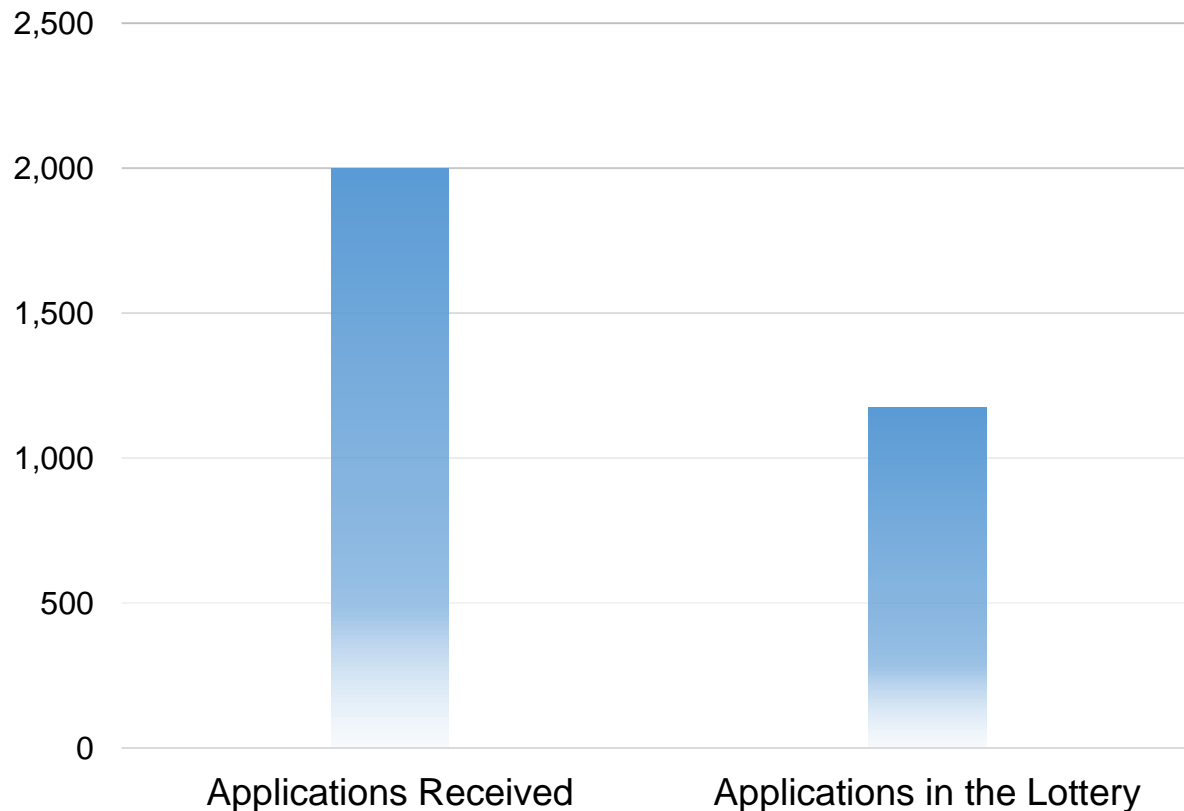
Applications Received





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Retail Lottery



Independent Lottery

The lottery was conducted by the Social and Economic Sciences Research Center of Washington State University and the accounting firm, Kraght-Snell of Seattle.

Jurisdictions Requiring a Lottery

1,174 applicants were included in the lottery

- 75 jurisdictions required a lottery
- 47 jurisdictions did not require a lottery



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Senate Bill 5052- Medical Cannabis Merge

October 2015 – April 2016: 6 month Application Window

- Received over 2,300 retail applications

Priority Requirements Established by Legislature

Priority One

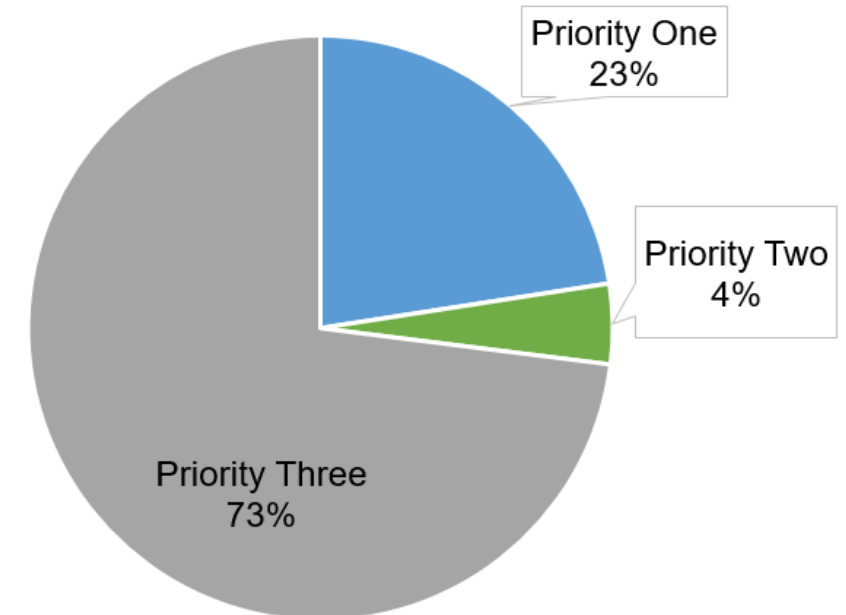
- Applied to the WSLCB for a retail license prior to July 1, 2014.
- Operated or were employed by a collective garden before January 1, 2013.
- Maintained a state business license and a municipal business license, as applicable in the relevant jurisdiction.
- History of paying all applicable state taxes and fees since January 1, 2013.

Priority Two

- All items outlined in Priority 1 minus having applied to the State Liquor and Cannabis Board for a retail license prior to July 1, 2014.

Priority Three

- Complete the application.





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Retail Store Allocations – Initiative 502

Legislation	Licenses Allotted	Determination
Initiative 502 - Cannabis Legalization	334	<ul style="list-style-type: none">• The WSLCB held public hearings across the state prior to implementing I-502 rules in September 2013.• The WSLCB contracted with BOTECH Analysis Corporation to provide recommendations on the number of retail outlets needed in Washington State.• BOTECH Analysis Corporation provided a final report, providing five methods for determining allocations with metrics includes population, past-month users, square root of the area, and distance from a user to the closet stores.• In rules, the WSLCB outlined the method used to determine the maximum number of retail stores and the lottery process. The most populated cities within each county are allotted a maximum number of stores with the remainder at large within the county.



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Retail Store Allocations – Medical Merge

Legislation	Licenses Allotted	Determination
Senate Bill 5052 - Cannabis Patient Protection Act	Increase of 222	<ul style="list-style-type: none">• The WSLCB contracted with BOTEC Analysis Corporation to estimate the Medical Cannabis Market in Washington State. BOTEC's report estimated:<ul style="list-style-type: none">○ 51% of the legal cannabis market was met by medical dispensaries and 49% was purchased in licensed retail stores.○ 331 cannabis dispensaries would need a medical endorsement to meet the needs of patients across the state.○ Highest need for medical retail options mirrored the population centers in Washington (highest sales were in populations centers).• To accommodate the needs of medical cannabis patients:<ul style="list-style-type: none">○ Allocated an additional 222 retail licensed retail stores throughout the State.○ Increased the number of available licenses in the ten counties with the highest medical sales by 100%. Other counties received an increase of 75%.○ Did not increase allotments in local jurisdictions with a ban or moratorium.



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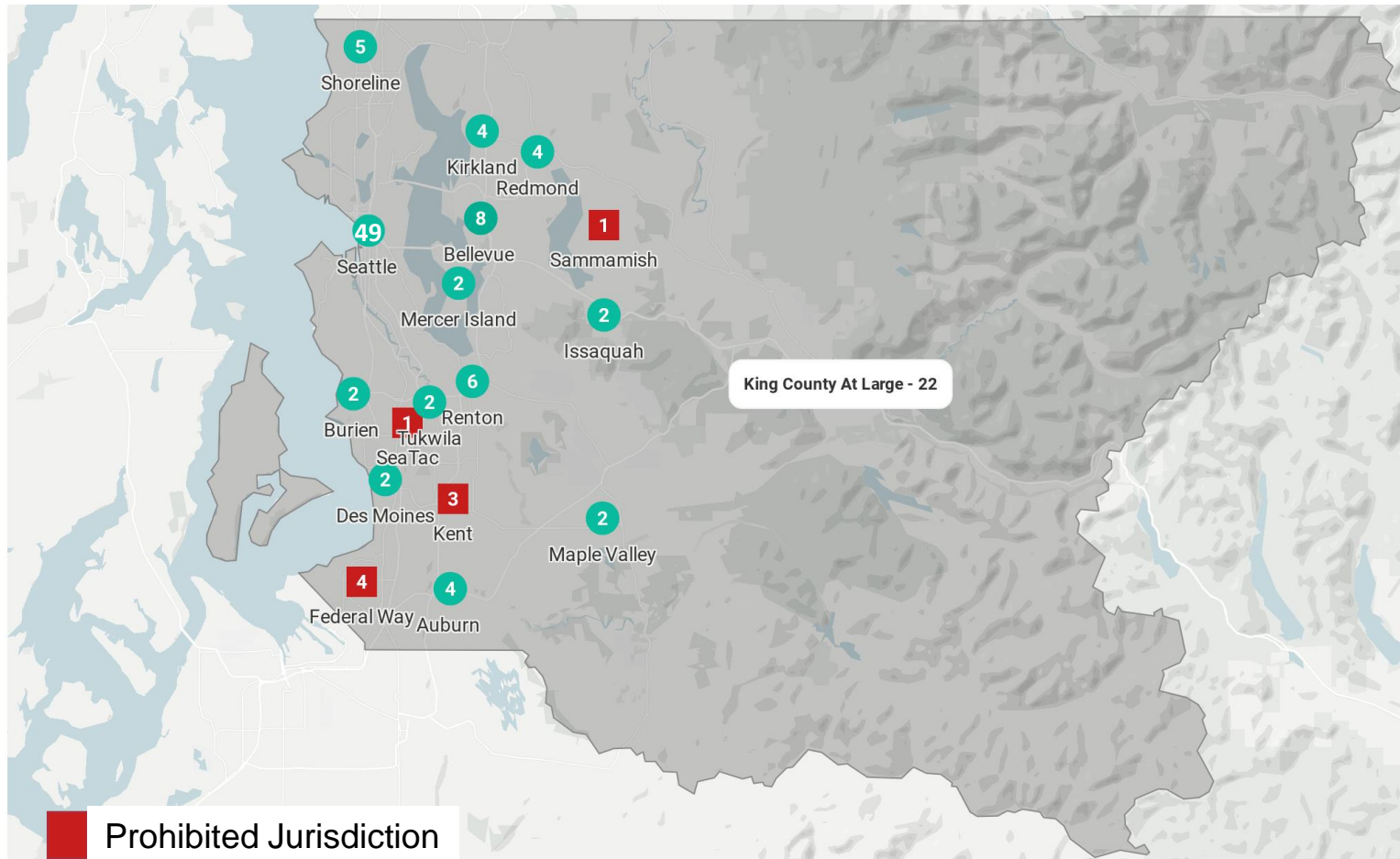
Producer/Processor Allocations

Legislation	Licenses Issued	Determination
Initiative 502 - Cannabis Legalization	1,578 Producers and Processors	<ul style="list-style-type: none">• The WSLCB used available consumption data supplied by BOTECH Analysis Corporation to assess the production needs and to craft production limits to meet initial consumer demand without over-supplying.<ul style="list-style-type: none">○ February 2014 – limited production to 70% and 1 license per applicant○ August 2017- producers allowed to own up to 3 licenses
Senate Bill 5052 - Cannabis Patient Protection Act	No additional licenses issued.	<ul style="list-style-type: none">• The WSLCB contracted with the University of Washington, using BOTECH's analysis of the medical market, to determine whether additional producers or processors were needed to meet the needs of patients.• Researchers at the University of Washington determined the licensed canopy for producing cannabis was more than enough to meet the needs of both the medical and recreational markets.



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Retail Allocations – King County



Overview

King County at Large: 22

City Allocations: 17

- 4 moratoria

Additional Local Restrictions:

- Zoning
- Reduced cap on the number of licenses



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Retail Allocations

The RCW outlines the framework for determining retail allocations:

- Limit retail outlets by county. [RCW 69.50.354](#)
- Information in the medical cannabis authorization database must be considered when increasing the maximum number of retail outlets to meet the needs of qualifying patients. [RCW 69.51A.230](#)
- Retail licenses that have been returned or were not previously issued, without exceeding the limit on the statewide number of stores, may be issued to social equity applicants. [RCW 69.50.335](#)
- The board may adopt rules to implement recommendations of the task force, however any recommendation to increase the current statewide limit of retail outlets must be approved by the legislature. [RCW 69.50.336](#)

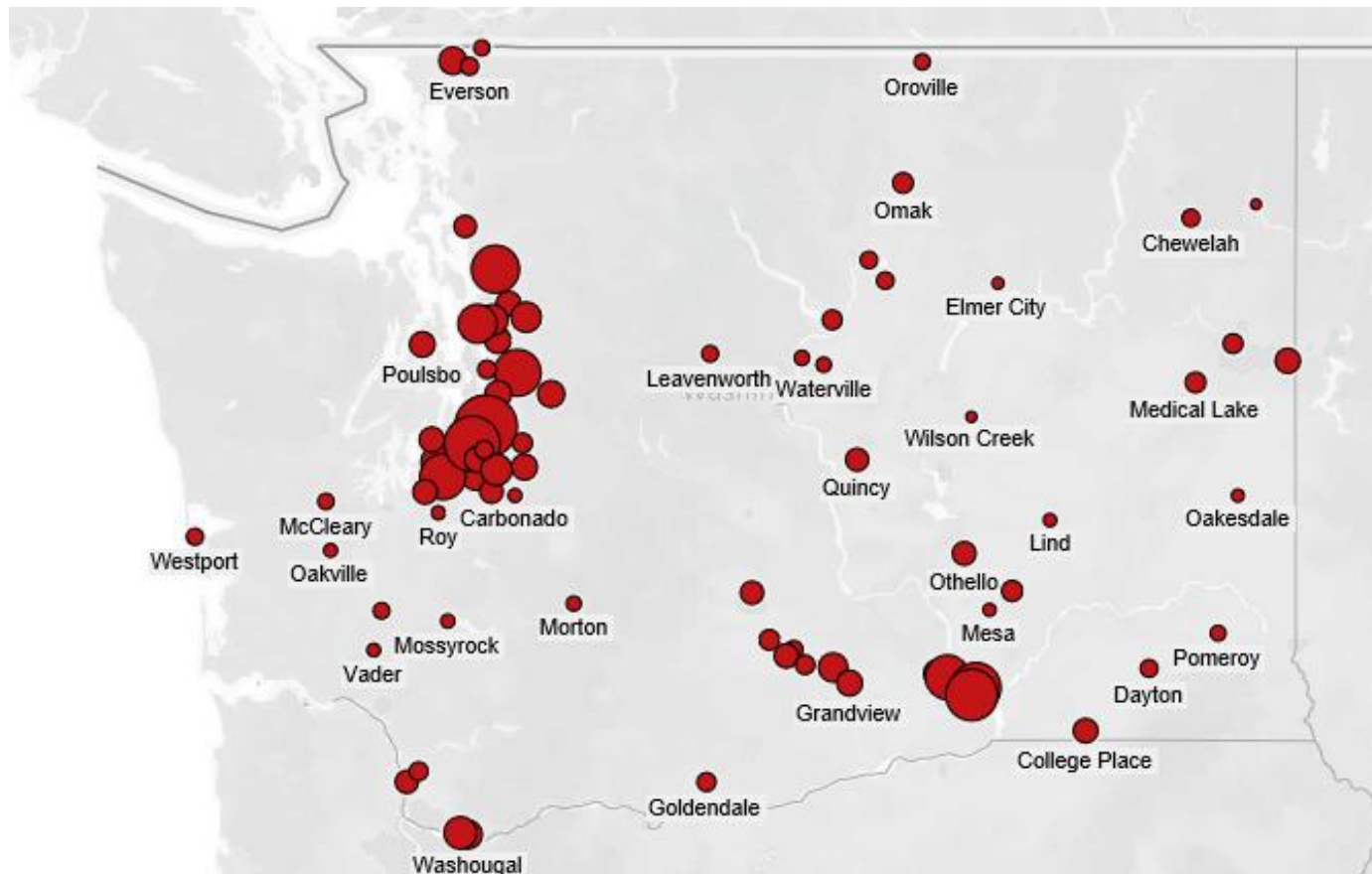
The WAC outlines the following framework for determining retail allocations:

- The WSLCB will use consumption data and population data obtained from the office of financial management (OFM) population data to determine the maximum number of retail locations per county. [WAC 314-55-079](#)
 - The number of retail locations will be determined using a method that distributes the number of locations proportionate to the most populous cities within each county to accommodate the medical needs of qualifying patients and designated providers. Locations not assigned to a specific city will be at large. At large locations can be used for unincorporated areas in the county or in cities within the county that have no retail licenses designated. [WAC 314-55-079](#)
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Local Bans and Moratoria – Washington Cities

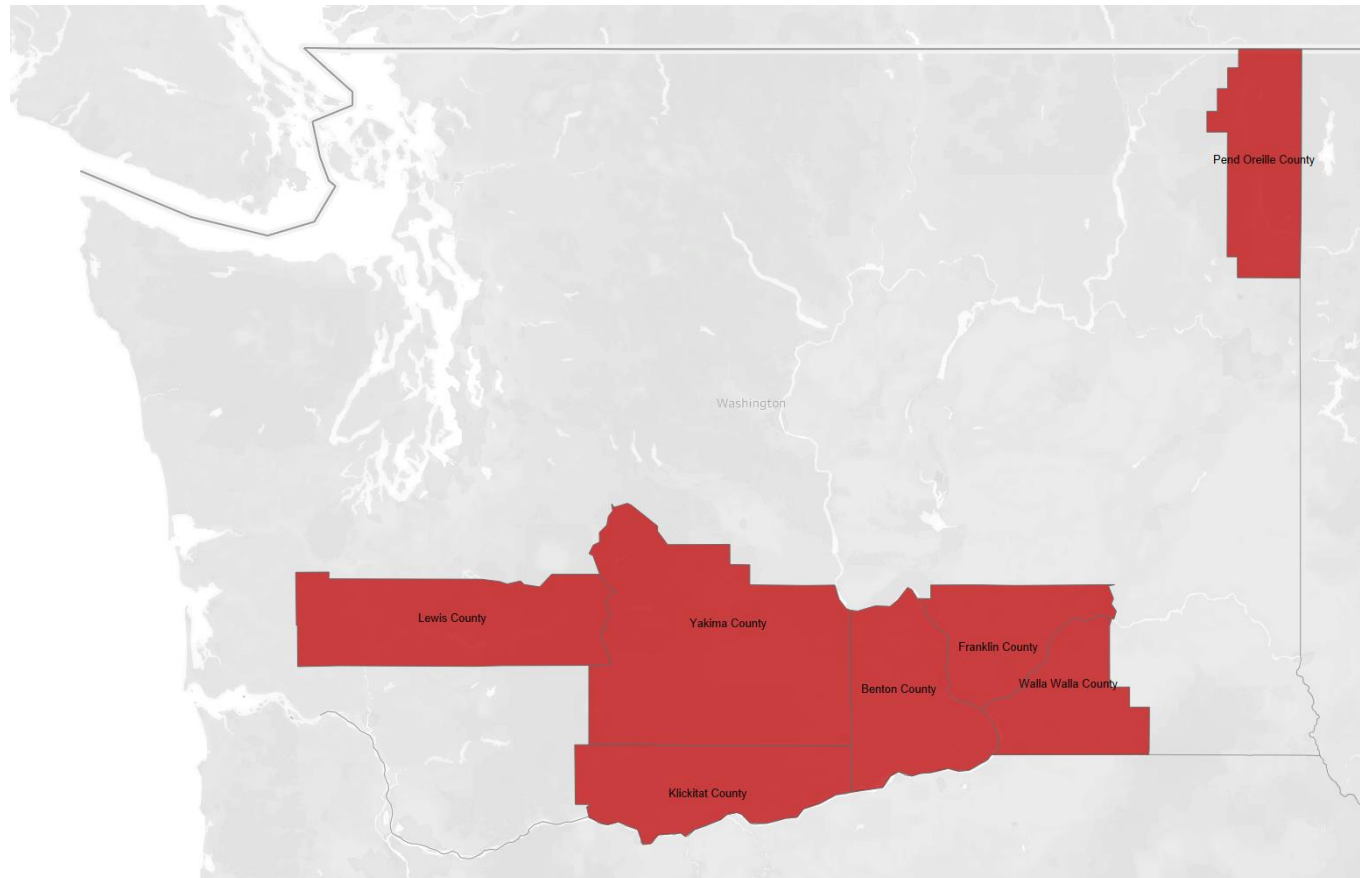


Source: [The Municipal Research and Services Center \(MRSC\)](#)



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Local Bans and Moratoria - Washington Counties



Source: [The Municipal Research and Services Center \(MRSC\)](#)



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Retail Title Certificates

In April 2018, the WSLCB approved an Interim Policy allowing retailers who hold a license in a jurisdiction that prohibits cannabis to apply for a retail title certificate.

A retail title certificate eliminates the requirements to:

- Maintain a location
- Security
- Traceability
- Insurance
- Annual license fees

If the local restriction is lifted, a Title Certificate Holder may reinstate their license.

**Title Certificate
Holders**

46

**Title Certificate
Reinstatements**

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Retail License Operational Requirements

Cannabis retail stores are required by law to be open and operational to avoid license forfeiture, unless a local restriction prevents the store from opening.

Operational is defined as:

- Being open to the public – at least five hours a day between 8:00 am to midnight, three days a week
- Posting business hours in public view
- Reporting monthly sales and paying excise taxes on those sales

These conditions must be met for twelve consecutive weeks within a twelve-month period. The requirements start when a license is issued or when the conditions for exemption are removed.

Forfeiture Exemptions

A retail license is exempt from forfeiture if the business is prevented from opening due to actions by the city, town, or county with jurisdiction over the licensed business, such as a ban or moratorium or an ordinance or regulation related to zoning, business licensing, land use, or other permit requirements that prevent the business from opening.



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Open Allotments





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Enhanced Substitute House Bill 2870 – Social Equity Program

Promote ownership among those who have lived in areas of high poverty and enforcement of cannabis-related laws by offering:

- Financial assistance (Department of Commerce)
- Technical assistance (Department of Commerce)
- License application benefits (Liquor and Cannabis Board)



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Enhanced Substitute House Bill 2870 – Social Equity Program

Social Equity Applicants:

- Must be at least 51% owned by social equity applicants
 - Resided in at least 5 of the preceding 10 years in a disproportionately impacted area –or–
 - Convicted of a cannabis offense or is a family member of an individual convicted of a cannabis-related offense
- Submit a social equity plan
- May be prioritized base on their qualifications for social equity
- Current retail licensees and title certificate holders who meet the qualifications can apply.



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Enhanced Substitute House Bill 2870 – Social Equity Program

The WSLCB needs help from the Taskforce to develop clear, concrete criteria to fairly:

- Identify Social Equity applicants
- Evaluate Social Equity plans
- Prioritize applicants “based on the extent their application meets the requirements”
- Develop rules that include requirements that these retail licenses be transferred or sold only to those who meet social equity requirements



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Licensing Action Items – Social Equity Forums

- Review and consider changes to the criminal history requirements and review process
- Research and gather data to evaluate increasing producer and processor licenses for social equity purposes
- Review and eliminate barriers in the cannabis licensing application process
- Outreach to local authorities with a ban or moratorium
- Building on existing social equity resources and provide additional staff training