



# **Social Equity in Cannabis Task Force**

## **Regulation of Cannabis Production Workgroup**

**July 26, 2022**

# Statute

RCW 69.60.336

Section (9)(d)

*(9) The task force shall submit one or more reports on recommended policies that will facilitate the development of a cannabis social equity program in Washington to the governor, the board, and the appropriate committees of the legislature. The task force is encouraged to submit individual recommendations, as soon as possible, to facilitate the board's early work to implement the recommendations. The final recommendations must be submitted by December 9, 2022. The recommendations must include:*

*(d) The social equity impact of shifting primary regulation of cannabis production from the board (LCB) to the Department of Agriculture, including potential impacts to the employment rights of workers;*

## Recommendation

The Task Force recommends that the legislature take steps to shift primary regulation of cannabis production from the Liquor and Cannabis Board (LCB) to the Washington State Department of Agriculture (WSDA).

A successful outcome for social equity applicants is dependent on an overall cannabis economy that fosters equitable opportunities for the entire industry. This includes making policies that not only enable social equity licensees to exist, but also reevaluating the existing cannabis industry policies to determine areas of improvement. We believe the incorporation of the WSDA into the primary regulator role of cannabis production will be a step in the direction of a more equitable cannabis industry.

# Rationale Supporting the

- ❖ The WSDA is subject to the HEAL act. As a result, they are currently in the process of establishing procedures and policies to incorporate public health and environmental justice into their policies. This work will be able to inform the development of cannabis production in a more equitable manner.
- ❖ The WSDA oversees several agricultural products, some of which are the highest producing agricultural products by state in the country (apples, hops, blueberries, etc). Consequently, the WSDA provides support for agricultural commodity cultivators utilizing internal departments such as “Business and Marketing Support” and “Laboratories” with an aim on reducing operational costs. This business support is a much needed service for cannabis producers and would provide a more equitable cannabis production economy.
- ❖ The transition to a national cannabis economy will be the single biggest opportunity to grow the Washington cannabis economy. Doing the needed planning and preparation at the state level, with a focus on how social equity applicants can succeed, will be critical to the social equity program's long term success.
- ❖ Part of a thriving cannabis industry includes fostering equitable opportunities for a variety of company types and sizes. Having an agricultural agency provide oversight to the aspect of the industry that specifically pertains to an agricultural crop’s cultivation (cannabis production) will be a benefit to social equity licensees and the ecosystem in which they will operate.
- ❖ Social justice and economic justice are interdependent. Building a just cannabis economy requires addressing the issues of disparity and exclusion for marginalized groups in a comprehensive manner. It is our determination that the WSDA as the primary regulator of cannabis production would provide necessary expertise and experience to build that economy more effectively.

# Considerations for Legislatures

- ❖ The WSLCB would maintain a significant role in the cannabis industry at all stages. This recommendation is suggesting that the roles be adjusted so that some responsibilities pertaining to cannabis production lie with the WSDA. Determining which responsibilities lie with which agency will be an important component of any legislation.
- ❖ Funding for the WSDA to take on this responsibility would need to come from the cannabis appropriations. Cannabis tax appropriations are substantial and sufficient to cover anticipated costs of the WSDA to participate in this work.
- ❖ Having the WSDA involved in cannabis production work as the primary agency will allow Washington state to begin meaningful preparations for a national cannabis market. The expertise of the WSDA as it relates to crop cultivation will be invaluable and necessary for the state of Washington to be a successful participant in the much larger national market.
- ❖ Other considerations that came up from stakeholders include:
  - Reevaluating existing tax preferences for Washington cannabis producers precluding them from taking advantage of existing tax preferences available to other types of farmers.
  - Creation of a new class of license: cannabis nurseries to enable cannabis producers (new and existing) to have access to seeds and plant starts from reputable and reliable sources.
  - Creation of a Washington State Cannabis Commission to provide support to cannabis producers including agricultural research and support. Funding for the Cannabis Commission is provided by cannabis producers.

# Considerations for Regulators

- ❖ The WSDA would need to consider several existing oversight areas for cannabis producers including license privileges, security and traceability, plant production, waste disposal, quality control sampling, and quality assurance.



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