

Regulation of Cannabis Production Workgroup

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Scope of Workgroup:

(9) The task force shall submit one or more reports...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;

From RCW 69.60.336 Section (9)(d)

Proposed Recommendation:

Given the WSDA's guiding principles and their ongoing efforts to work with and support producers and farmers, it would be beneficial for future social equity licensees if certain aspects of regulatory oversight for cannabis cultivation are shifted from the LCB to the WSDA.

Consideration:

The legislature will need to spend time to evaluate how this transition should be done and what each agency should be responsible for. Agency involvement and expertise is critical to determine the division of oversight and execute the details in ways that support social equity goals.

Rationale:

It is not in the WSLCB's statutory responsibility to be concerned about the economic outcomes of the participants of the industry that they regulate. However, a stated goal of the WSDA is to consider the economic outcomes of industry participants. This difference is a significant factor in our rationale for supporting this transition. The Task Force has already recommended allocating production licenses to social equity applicants in the future. For this to be possible, it will be necessary for cultivation business models to be fully supported by the regulators in a way that hasn't been the case to date.

In addition, the WSDA provides support for commodity cultivators utilizing internal departments such as "Business and Marketing Support" and "Laboratories" with an aim to help these businesses and reduce operational costs. Consequently, the WSDA regulates several crops that are the highest producing crops by state in the country (apples, hops, blueberries, etc.). WSDA experience and support is a much-needed service primarily for small cannabis producers. This would provide a more equitable cannabis production economy for small businesses and lay the groundwork for future entry of social equity applicants who wish to be small cannabis producers.

A successful outcome for social equity applicants is dependent on an overall sustainable and healthy cannabis economy that fosters equitable opportunities for the entire industry, while simultaneously addressing issues specific to social equity applicants. The current policies have created an economy where many cultivators are struggling to participate in the market. The WSDA supporting cannabis production would lead to an increase in opportunities for current, and future, cannabis cultivators to compete and thrive within the overall economy.

Finally, the new implementation of the Healthy Environment for All (HEAL) Act by the WSDA would benefit social equity in cannabis production by enabling an equity lens to be placed on all WSDA related regulatory oversight. The implementation of HEAL will influence regulatory oversight to strengthen equitable opportunities, labor standards, environmental standards, and safety standards by taking a wholistic approach to cannabis industry equity and sustainability.

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