



WSLCB Policy Agenda 2021

2020 has tested the Washington State Liquor and Cannabis Board (WSLCB) in many ways, including adjusting to the variety of changes associated with a global pandemic, businesses being temporarily shut down or experiencing temporary operational limits, moving the majority of the agency to teleworking, and adjusting to a different way of engaging with each other and our stakeholders.

Through all of this, WSLCB innovation, caring, resiliency, and our ability to step up at every turn has been and continues to be evident. We worked with licensees to quickly and creatively adapt to the strategies used to protect public health by offering options to support our licensees and communities. While many of those options were initially designed to be temporary, we enter 2021 with many of those allowances in place.

For example, allowances offered parents the ability to sustain their work duties while simultaneously providing childcare or remote learning for their kids. Allowances were designed to offer licensees several pathways toward sustainability and viability, to the extent of our authority, when the future looked less and less certain. And while the majority of the allowances were designed to provide temporary relief, we soon learned that long-term relief would be necessary. This reality sets the foundation for the WSLCB 2021 policy agenda.

But it does not stop there. During the course of the pandemic, while we supported and began to prepare to implement HB 2870, we saw Washingtonians demand racial justice, and a society where Black Lives Matter. The pandemic has underscored existing disparities that disproportionately impact Washington's Black, Latino, Latina, Latinx, Asian, Pacific Islander, Native American, and Tribal communities.

WSLCB is uniquely positioned to support a responsive, insightful, well informed regulatory framework and environment to assure that no one is left behind. We have an opportunity to create policy and regulation that leads to socially equitable conditions across all of the business lines that we regulate. We can play a significant role in assuring that these communities are not left behind again.

While the WSLCB cannot deconstruct all of our existing licensing and enforcement policies and regulations in a day, or a year, or perhaps even in a budget cycle, we can rebuild, brick by brick, through new policies, practices, and regulation backed by sound, informed decision making with

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the participation of *all* interested parties. This is why diversity, equity, and inclusion are centering principles of all WSLCB policy decisions.

This policy agenda provides WSLCB the opportunity to re-envision and strengthen partnerships across our authorizing environment. And assisting the businesses we license, while keeping our sights on our agency mission - to promote public safety and trust through fair administration and enforcement of liquor, cannabis, tobacco, and vapor laws - at this pivotal inflection point best serves the public interest and Washington's recovering economy, while increasing opportunities for the agency to support and collaborate with licensees and communities.

Key Policy Agenda Goals

- *Transformative innovation that reduces barriers to opportunity, and will result in socially equitable conditions.*
- *Increase opportunities for licensee support and success that leads to business sustainability and persistence in a post-COVID 19 economy. Identify role Board should play to help business be successful as businesses and what steps they could take to start.*
- *Well-defined focus on public health and prevention partnerships that support collaborative, informed decision making and educational opportunities.*
- *Help create more reliable access to medically compliant cannabis products, including a vehicle for solid advice to potential patients.*

Transformative innovation that reduces invisible barriers to opportunity.

- *Cannabis social equity priorities:*

In January 2021, WSLCB will begin to sketch the plans for strategic regulatory revision designed to result in greater efficiency, streamlined processes and rules that result in socially equitable conditions. These revisions concentrate primarily on alcohol and cannabis regulatory structures. We recognize that this is a long term project, but we also recognize that being in a continuous state of rulemaking does not contribute to a stable regulatory environment. HB 2870 is a monumental step toward framing this work for cannabis regulation, but more needs to be done. The agency is actively exploring what immediate steps can be taken to release unused licenses to applicants disproportionately impacted by cannabis prohibitions, and what other support can be offered to further the work of the Social Equity Task Force. The agency remains committed to reconciliation, reformation, and equalization efforts.

- *Reducing barriers to success:*

WSLCB will evaluate new and existing policies and practices to ensure guidance documents do not contain barriers to success for those most impacted by cannabis

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prohibition. In 2020, WSLCB instituted an 11-metric policy analysis that included diversity, equity and inclusion. This has been extended to rule and interpretive statement development. Board- specific priorities include:

- ✓ Workforce support (both at LCB and in the hospitality industry to the extent possible)
- ✓ Clarify roles/responsibilities/relationships with other agencies
- ✓ Review and identify what rules are necessary
- ✓ Consistent training and application of new rules, laws and policies
- ✓ Inclusion/equity for future licenses
- ✓ Continued SMP (System Modernization Project) support (resource consumption)

- *Continued Cannabis 2.0 Priorities:*

WSLCB remains committed to cannabis quality control reform, and will continue efforts to redesign testing protocols, including sampling and testing frequency, all with an eye to offering the safest product at the lowest possible cost to processors and producers that will not be passed on consumers. It is clear that although there is no testing standardization at this time, no one state has a perfect system. But as noted above, the agency is at a pivotal moment in setting the course for cannabis testing in the future. Stakeholders and other industry representatives assert that the current system is an onus and may not be achieving the desired goal. The agency believes it is time to deconstruct current testing protocols and explore what a new system would look like, leveraging the best practices and collective institutional and stakeholder knowledge to create a new system that offers the highest level of consumer safety with the lowest impact to producers and processors. Additionally, the Board remains focused on the following priorities:

- ✓ Consistent training and application of new rules, laws and policies
- ✓ Inclusion/equity for future applicants
- ✓ Public safety (product standards and testing)
- ✓ Traceability system revisions
- ✓ Access to medically compliant products and advice

Increase opportunities for licensee support and success that leads to business sustainability and persistence in a post-COVID 19 economy. Identify the role of the Board and what steps the Board can take to support successful businesses.

- *Cannabis business support:* In late 2020, WSLCB implemented a cannabis licensee voluntary compliance and education program. While this was part of previous work related to WSLCB multidimensional enforcement reform, the agency found that simply “helping” businesses tended to limit the approach the agency can take to support

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communities suffering the economic impacts of COVID-19. Additionally, communities most impacted by cannabis prohibition may experience unique business entry and sustainability challenges. These have been amplified during COVID-19 recovery and likely beyond. WSLCB believes that to support licensee success, regulatory processes and procedures must be both reasonable and understandable, while aligning with shared goals of public safety and business sustainability. The agency remains committed to offering robust and meaningful assistance, education, and support to licensees.

- *Alcohol business support:* Supporting COVID-19 allowances for alcohol licensees to offer the following:
 - ✓ Outdoor dining
 - ✓ Extended floor space
 - ✓ Revisiting food requirements
 - ✓ Defining “bona fide” restaurants
 - ✓ Carefully framing cocktails to go, to go sales, delivery, third party delivery.
 - ✓ Begin to develop a better understanding of whether spirits should be treated differently than beer or wine for purposes of licensing and regulation since the substances are different in terms of production and to a degree, distribution.

Focus on public health and prevention partnership that supports collaborative, informed decision making and educational opportunities.

Prevention and public health partnerships are essential and add significant value to the steps we take. As in all credible policy building, considering all the parts assures quality depth as well as understanding and compliance.

- ✓ Assessment and awareness of any possible health impacts, including those that may affect youth but also looking at consumer health and adult safety;
- ✓ Continued outreach to public health and prevention partners;
- ✓ Consultation with public health researchers on topics where appropriate;
- ✓ Ongoing training for Policy Team membership on relevant research and emerging public health impact projects.

Help create more reliable access to medically compliant cannabis products, including a vehicle for solid advice to potential patients.

The medical marijuana law (chapter 69.51A RCW) allows for products that may be beneficial for patient use. These products must comply with the rules set in [Chapter 246-70 WAC](#) which:

- Creates voluntary standards for higher quality products, including mandatory testing for:
 - ✓ Prohibited pesticides

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- ✓ Heavy metals
- ✓ Mycotoxins

The statute also allows consumers the choice of compliant or regular products, and creates ratios for high CBD/low THC products that are sales tax-free for any adult. Sensible regulation and guidelines can support and increase patient-focused access to medically compliant cannabis products. This may be accomplished by:

✓ **Support tax exemption for medical cannabis patients (SB 5004)**

Many medical cannabis patients experience financial hardship. It's expensive to be sick in the United States, especially for those who are very sick or sick for a long time. Those suffering from severe or chronic disease may find their employment opportunities and financial well-being threatened by illness. The lack of insurance coverage for medical cannabis and associated costs compounds this problem, and the imposition of unreasonable taxes further exacerbates it.

Sales tax is regressive and disproportionately impacts financially vulnerable populations, such as medical cannabis patients. Were it not for cannabis' Schedule I status, healthcare providers would be able to prescribe it rather than recommend it, which would render medical cannabis exempt from taxation.

✓ **Continue to explore possibility of home delivery for medical cannabis patients**

Commercial cannabis delivery is not specifically allowed in Washington State. While an adult can deliver a gift amount of cannabis, for non-commercial purposes, to another adult (as long as it is one half-ounce of usable cannabis; eight ounces of cannabis-infused product in solid form; thirty-six ounces of cannabis-infused product in liquid form; or three and a half grams of cannabis concentrate), the statute was designed to allow friends or family to share cannabis.

A licensing structure to allow for delivery of cannabis products may support home delivery.

✓ **Strengthen medical cannabis consultant or other budtender training programs**

The Washington State Department of Health (DOH) lists three approved training programs for the Medical Marijuana Consultant Certificate Program. These include comprehensive training offerings for both budtenders and medical cannabis consultants.