



Initiative 502 Implementation

Creating Washington's system of legalized marijuana

Washington State Liquor Control Board (WSLCB)

July 5, 2013



Disclaimer

Today's presentation is designed to inform this audience of the current status of Initiative 502's implementation, its timeline, challenges facing the state and expected next steps.

The views expressed today represent the speaker's summary of these current events and are subject to change based on the final decisions of the Board.



Agency Objective

Public Safety

- Creating a tightly controlled and regulated marijuana market

Agency Role and Responsibilities:

- Creating a 3-tier regulatory system for marijuana
- Creating licenses for producer, processor and retailer
- Enforcing laws and rules pertaining to licensees
- Collecting and distributing taxes/fees



Law and Rules

The Difference Between I-502 Laws and Rules

- Laws
 - Enacted by Legislature and signed by Governor
 - Enacted by voters (initiatives and referendums)
 - Initiatives require 2/3 vote by Legislature to change w/in two years
- Rules
 - Detailed regulations necessary to implement the law
 - Clarifies what is allowed or not allowed under law
 - Created by state agency, board (WSLCB) or commission
 - Rules cannot change the law in any way
 - Public and transparent process for creating rules
 - Once final, they provide the structure for participation in the system



Implementation Timeline

December 6: Effective date of new law

Mid-May: Send initial draft rules to stakeholders for input

July 3: Proposed rules for producer, processor and retailer licenses filed

July 31: End of written comment period

Aug 6-8: Public hearings on proposed rules for all three licenses

Aug 14: Rules adopted

Sep 14: Rules become effective

September: Begin accepting applications for all three licenses

December 1: Rules are complete (as mandated by law)

* Should the draft rules need substantial changes after submittal for public comment, the WSLCB is required by law to resubmit the CR 102 filing document. Resubmitting the CR 102 could move the license issuance date to late December 2013.



Rules Highlights: License Requirements

30 Day Window

- The LCB will open registration for all license types for a 30 calendar day window (September)
- LCB may extend the time or reopen application window at its discretion

State Residency Requirement

- The LCB requires a three month state residency requirement
 - Applies to all license structure types



Rules Highlights: License Requirements

Background Checks

- Personal criminal history form with license forfeiture if incomplete or incorrect
- Fingerprinting of all potential licensees
- WSP and FBI background checks of licensees and financiers

Point System

- The LCB will apply a disqualifying point system similar to liquor
 - Draft rules allow exceptions for two misdemeanor convictions of possession w/in three years with certain limitations



Rules Highlights: License Requirements

Property

- A marijuana license will not be approved for a personal residence
- A retailer license will not be approved for a location within another business
- The board may determine the maximum quantities of product allowed on a licensed premise

Retail Hours

- 8 AM to 12 AM



Rules Highlights: Public Safety

Producer Structures

- Allows producer operations within a fully enclosed secure indoor facility or greenhouse with rigid walls, a roof, and doors
- Outdoor production may take place in non-rigid greenhouses or other structures, or an expanse of open ground fully enclosed by a physical barrier

Traceability

- LCB will employ a robust and comprehensive traceability system (software) that will trace product from start to sale
- LCB enforcement can match records to actual product on hand



Rules Highlights: Public Safety

Violation Guidelines

- \$1,000 administrative penalty for minors frequenting
- Sets strict tiered system of violation record over a three year period. Example:
 - Group 1 public safety:
 - First violation: 10 day suspension or \$2,500
 - Second violation: 30 day suspension
 - Third violation: license cancellation
- Furnishing marijuana to a minor remains a felony offense

Security

- Similar to Colorado: video surveillance requirements, no third party transport, etc



Rules Highlights: Public Safety

Advertising Restrictions

- Limit of one sign on outside of premise, maximum 1600 sq. inches
- Cannot represent marijuana as having therapeutic or curative effects
- Cannot be designed to be appealing to children or anyone under 21 years of age
- Law restricts advertising within 1,000 feet of schools, public parks, transit centers, arcades, and other areas where children are present



Rules Highlights: Public Safety

Location Restrictions of Retail Stores

- Advance notice to local authority
- Local authority has zoning authority
- Board to determine number of retail outlets
 - BOTEK Analysis determining county consumption levels. Consumption will drive number of retail outlets per county
 - If the number of applicants in a county exceeds the limit, the LCB will hold a lottery



Rules Highlights: Consumer Safety

Behind the Counter Storage

- Open containers not allowed by the law or rules

Serving Size Defined

- 10 mg of TCH per serving
- 100 mg of THC per product

Strict Packaging and Labeling Requirements

- THC and other cannabinoid concentrations
- Usage warnings on labels and with accompanying materials
- Child resistant packaging



Potential Issues and Challenges

Medical marijuana

- Competing system that is largely untaxed and unregulated
- Allows personal grows of up to 15 plants
- Allows possession of 24 ounces of useable cannabis
- May be authorized for anyone 18 and over
- Current law allows collective gardens, not dispensaries
- Dispensaries currently operating in WA

Budget Proviso: Passed June 2013 directs Liquor Control Board, Dept. of Health, and Dept. of Revenue to develop a plan for medical marijuana.



How Citizens Stay Connected

- **I-502 Webpage.** www.liq.wa.gov
 - Factsheets
 - FAQs
 - Timelines
 - YouTube video and/or audio of public forums
- **Listserv**
- **Webinars**
- **Public hearings posted on website and publicized on the listserv**
- **News coverage**
 - AP top story of 2012



What Is Needed

- **Accurate, research-based information regarding effects of marijuana use**
- **Network of information sharing**
- **Involvement in the process**
- **Specific recommendations**



Thank You