

Draft WAC 314-55

Marijuana Licenses, Application Process, Requirements, and Reporting

New Section WAC 314-55-005 What is the purpose of this chapter?

The purpose of this chapter is to outline the application process, qualifications and requirements to obtain and maintain a marijuana license and the reporting requirements for a marijuana licensee.

New Section. WAC 314-55-010 Definitions

Following are definitions for the purpose of this chapter. Other definitions are in RCW 69.50.101.

- (1) "Applicant" or "marijuana license applicant" means any person or business entity who is considered by the board as a true party of interest in a marijuana license, as outlined in WAC 314-55-035.
- (2) "Business name" or "trade name" means the name of a licensed business as used by the licensee on signs and advertising.
- (3) "Child care center" means a licensed educational environment with curriculum usually associated with preschools.
- (4) "Elementary school" means a school for early education that provides the first four to eight years of basic education and recognized by the Washington State Superintendent of Public Instruction.
- (5) "Financier" means any person or entity who has made or will make an investment in the licensed business of more than ten thousand dollars. A "financier" can be someone who provides money as a gift, someone who loans money to the business and expects to be paid back the amount of the loan without interest, or someone who invests money into the business expecting a percentage of the profits, but accepts the risk that there may not be a full return on the investment. These persons or entities shall submit appropriate investigation level "financier" financial documents.
- (6) "Game arcade" means an entertainment venue featuring primarily video games, simulators, and/or other amusement devices.
- (7) "Library" means an organized collection of resources made accessible to the public for reference or borrowing.
- (8) "Licensee" or "marijuana licensee" means any person or entity that holds a marijuana license, or any person or entity who is a true party of interest in a marijuana license, as outlined in WAC 314-55-035.
- (9) "Lot" means either of the following:
 - a. the flowers from one or more marijuana plants of the same genetic strain. A single lot of flowers cannot weigh more than two pounds; or

- b. the trim, leaves, or other plant matter from one or more marijuana plants. A single lot of trim, leaves, or other plant matter cannot weigh more than six pounds.
- (10) "Perimeter" means a property line that encloses an area.
- (11) "Playground" means a public outdoor recreation area for children, usually equipped with swings, slides, and other playground equipment, owned and managed by a city or county.
- (12) "Public park" means an area of land for the enjoyment of the public, having facilities for rest and recreation (such as a baseball diamond or basketball court), owned and managed by a city, county, state, or federal government.
- (13) "Public transit center" means sheltered waiting areas located where several bus routes converge. They serve as efficient hubs to allow bus riders from various locations to assemble at a central point to take advantage of express trips or other route to route transfers.
- (14) "Recreation center or facility" means a supervised center that provides a broad range of activities and events.
- (15) "Secondary school" means a high and/or middle school: a school for students who have completed their primary education, usually attended by children in grades 7 to 12 and recognized by the Washington State Superintendent of Public Instruction.

New Section. WAC 314-55-015 General information about marijuana licenses.

- (1) A person or entity must meet certain qualifications to receive a marijuana license, which are continuing qualifications in order to maintain the license.
- (2) All applicants and employees working in each licensed establishments must be at least twenty-one years of age.
- (3) Minor restricted signs must be posted at all marijuana licensed premises.
- (4) A marijuana license applicant may not exercise any of the privileges of a marijuana license until the board approves the license application.
- (5) The board will not approve any marijuana license for a location where law enforcement access, without notice or cause, is limited.
- (6) The board will not approve any marijuana license for a location on federal lands.
- (7) The board will not approve any marijuana retailer license for a location within another business.
- (8) Every marijuana licensee must post and keep posted its license, or licenses, and any additional correspondence containing conditions and restrictions imposed by the board in a conspicuous place on the premises.
- (9) In approving a marijuana license, the board reserves the right to impose special conditions as to the involvement in the operations of the licensed business of any former licensees, their former employees, or any person who does not qualify for a marijuana license.
- (10) Facilities licensed as a marijuana processor and retailer by Liquor Control Board conducting the processing, storage, and sale of marijuana-infused products shall be

constructed, kept, and maintained in a clean and sanitary condition, and in accordance with rules and regulations as shall be prescribed by the Washington State Department of Agriculture under WAC 16-165 and 16-167.

- (11) Marijuana licensees may not allow the consumption of marijuana or marijuana-infused products on the licensed premises.

New Section. WAC 314-55-020 Marijuana license qualifications and application process.

Each marijuana license application is unique and investigated individually. The board may inquire and request documents regarding all matters in connection with the marijuana license application. The application requirements for a marijuana license include, but are not necessarily limited to the following:

- (1) Per RCW 69.50.331, the board shall send a notice to cities and counties, and may send a notice to tribal governments or port authorities regarding the marijuana license application. The local authority has twenty days to respond with a recommendation to approve or an objection to the applicant, location, or both.
- (2) The board will verify that the proposed business meets the minimum requirements for the type of marijuana license requested.
- (3) The board will conduct an investigation of the applicants' criminal history and administrative violation history, per WAC 314-55-040 and 314-55-045.
 - (a) The criminal history background check will consist of completion of a personal/criminal history form provided by the board and submission of fingerprints to a vendor approved by the board. The applicant will be responsible for paying all fees required by the vendor for fingerprinting. These fingerprints will be submitted to the Washington State Patrol and the Federal Bureau of Investigation for comparison to their criminal records. The applicant will be responsible for paying all fees required by the Washington State Patrol and the Federal Bureau of Investigation.
 - (b) Financiers will also be subject to criminal history investigations equivalent to that of the license applicant. Financiers will also be responsible for paying all fees required for the criminal history check.
- (4) The board will conduct a financial investigation in order to verify the source of funds used for the acquisition and startup of the business, the applicants' right to the real and personal property, and to verify the true party(ies) of interest.
- (5) The board may require a demonstration by the applicant that they are familiar with marijuana laws and rules.
- (6) The board may conduct a final inspection of the proposed licensed business, in order to determine if the applicant has complied with all the requirements of the license requested.
- (7) Per RCW 69.50.331 (1)(b), all applicants applying for a marijuana license must have resided in the state of Washington for at least three months prior to application for a marijuana license. All partnerships, employee cooperatives, associations, nonprofit corporations, corporations and limited liability companies applying for a marijuana license must be formed in Washington. All members must also meet the three

month residency requirement. Managers or agents who manage a licensee's place of business must also meet the three month residency requirement.

- (8) Submission of an operating plan that demonstrates the applicant is qualified to hold the marijuana license applied for to the satisfaction of the board. The operating plan shall include the following elements in accordance with the applicable standards in WAC.

As part of the application process, each applicant must submit in a format supplied by the Board an operating plan detailing the following as it pertains to the license type being sought. This operating plan must also include a floor plan or site plan drawn to scale which illustrates the entire operation being proposed. The operating plan must include the following information:

Producer	Processor	Retailer
Security	Security	Security
Traceability	Traceability	Traceability
Employee qualifications and training	Employee qualifications and training	Employee qualifications and training
Transportation of product including packaging of product for transportation	Transportation of product	
Destruction of waste product	Destruction of waste product	Destruction of waste product
Description of growing operation include growing media, size of grow space allocated for plant production, space allocated for any other business activity, description of all equipment used in the production process, and a list of fertilizers, pesticides, herbicides or any other compounds or products utilized in the production process	Description of the types of products to be processed at this location together with a complete description of all equipment and chemical and other compounds used to create extracts and for processing of marijuana-infused products	
Testing procedures and protocols	Testing procedures and protocols	
	Description of the types of products to be processed at this location together with a complete description of processing of marijuana infused products	
	Description of packaging	

	and labeling of products to be processed	
		What array of products are to be sold and how are the products to be displayed to consumers

- (9) After obtaining a license, the license holder must notify the board in advance of any substantial change in their operating plan. Depending on the degree of change, prior approval may be required before the change is implemented.
- (10) A signed affidavit from the landlord acknowledging the leased premises will be used as a marijuana business.
- (11) Applicants applying for a marijuana license must be current in any tax obligations to the Washington State Department of Revenue, as an individual or as part of any entity in which they have an ownership interest. Applicants must sign an attestation that, under penalty of denial or loss of licensure, that representation is correct.
- (12) Upon failure to respond to the board licensing and regulation division's requests for information within the timeline provided, the application may be administratively closed or denial of the application will be sought.

New Section. WAC 314-55-035 What persons or entities have to qualify for a marijuana license?

A marijuana license must be issued in the name(s) of the true party(ies) of interest.

- (1) True parties of interest - For purposes of this title, "true party of interest" means:

True party of interest	Persons to be qualified
Sole proprietorship	Sole proprietor and spouse.
General partnership	All partners and spouses.
Limited partnership, limited liability partnership, or limited liability limited partnership	<ul style="list-style-type: none"> • All general partners and their spouses;

	<ul style="list-style-type: none"> All limited partners and spouses.
Limited liability company	<ul style="list-style-type: none"> All members and their spouses. All managers and their spouses.
Privately held corporation	<ul style="list-style-type: none"> All corporate officers (or persons with equivalent title) and their spouses. All stockholders and their spouses.
Publicly held corporation	<p>All corporate officers (or persons with equivalent title) and their spouses.</p> <p>All stockholders and their spouses.</p>
Multi-level ownership structures	All persons and entities that make up the ownership structure (and their spouses).
Any entity	<p>Any entity or person who is in receipt of, or has the right to receive, a percentage of the gross or net sales from the licensed business during any full or partial calendar or fiscal year. For the purposes of this chapter:</p> <ul style="list-style-type: none"> "Gross sales" includes the entire gross receipts from all sales and services made in, upon, or from the licensed business. "Net sales" means gross sales minus cost of goods sold.

Non-Profit Corporations	All individuals and spouses, and entities having membership rights in accordance with the provisions of the articles of incorporation or the bylaws.
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- (2) For purposes of this section, "true party of interest" does not mean:
- (a) A person or entity receiving reasonable payment for rent on a fixed basis under a bona fide lease or rental obligation, unless the lessor or property manager exercises control over or participates in the management of the business.
 - (b) A person who receives a bonus as an employee, if: The employee is on a fixed wage or salary and the bonus is not more than twenty-five percent of the employee's prebonus annual compensation; or the bonus is based on a written incentive/bonus program that is not out of the ordinary for the services rendered.
 - (c) A person or entity contracting with the applicant(s) to sell the property, unless the contract holder exercises control over or participates in the management of the licensed business.
 - (d) A person or entity receiving payment of franchise fees on a fixed or percentage basis under a bona fide franchise agreement, unless the person or entity receiving payment of franchise fees exercises control over or participates in the management of the licensed business.
- (3) Financiers -- The board will conduct a financial investigation as well as a criminal background of financiers.
- (4) Persons who exercise control of business -- The board will conduct an investigation of any person or entity who exercises any control over the applicant's business operations. This may include both a financial investigation and/or a criminal history background.

New Section. WAC 314-55-040 What criminal history might prevent a marijuana license applicant from receiving or keeping a marijuana license?

- (1) When the board processes a criminal history check on an applicant, it uses a point system to determine if the person qualifies for a license. The board will not normally issue a marijuana license or renew a license to an applicant who has accumulated eight or more points as indicated below:

Description	Time period during which points will be assigned	Points assigned
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Felony conviction	Ten years	12 points
Gross misdemeanor conviction	Three years	5 points
Misdemeanor conviction	Three years	4 points
Currently under federal or state supervision for a felony conviction	n/a	8 points
Nondisclosure of any of the above	n/a	4 points each

- (2) If a case is pending for an alleged offense that would earn eight or more points, the board will hold the application for the disposition of the case. If the disposition is not settled within ninety days, the board will administratively close the application.
- (3) The board may not issue a marijuana license to anyone who has accumulated eight or more points as referenced above. This is a discretionary threshold and it is further recommended that the following exceptions to this standard be applied:

Exception to criminal history point assignment. This exception to the criminal history point assignment will expire on July 1, 2014:

- (a) Prior to initial license application, two federal or state misdemeanor convictions for the possession only of marijuana within the previous three years may not be applicable to the criminal history points accumulated. All criminal history must be reported on the personal/criminal history form.
 - i. Regardless of applicability, failure to disclose full criminal history will result in point accumulation;
 - ii. State misdemeanor possession convictions accrued after December 6, 2013, exceeding the allowable amounts of marijuana, useable marijuana, and marijuana infused products described in RCW 69.50 shall count towards criminal history point accumulation.
 - (b) Prior to initial license application, any single state or federal conviction for the growing, possession, or sale of marijuana will be considered for mitigation on an individual basis. Mitigation will be considered based on the quantity of product involved and other circumstances surrounding the conviction.
- (4) Once licensed, marijuana licensees must report any criminal convictions to the board within fourteen days.

New Section. WAC 314-55-045 What marijuana law or rule violation history might prevent an applicant from receiving a marijuana license?

The board will conduct an investigation of all applicants' marijuana law or rule administrative violation history. The board will not normally issue a marijuana license to a person, or to an entity with a true party of interest, who has the following violation history; or to any person who has demonstrated a pattern of disregard for laws or rules.

Violation Type (see WAC 314-55-515)		Period of Consideration	
▪	Three or more public safety violations,	▪	Violations issued within three years of the date the application is received by the board's licensing and regulation division.
▪	Four or more regulatory violations, or		
▪	One to four, or more license violations.	▪	Violations issued within the last three years the true party(ies) of interest were licensed.

New Section 314-55-050 Reasons the board may seek denial, suspension, or cancellation of a marijuana license application or license.

Following is a list of reasons the board may deny, suspend, or cancel a marijuana license application or license. Per RCW [66.50.331](#), the board has broad discretionary authority to approve or deny a marijuana license application for reasons including, but not limited to, the following:

- (1) Failure to meet qualifications or requirements for the specific marijuana producer, processor, or retail license, as outlined in this Chapter [314-55](#) WAC and Chapter [69.50](#) RCW.
- (2) Failure or refusal to submit information or documentation requested by the board during the evaluation process.
- (3) The applicant makes a misrepresentation of fact, or fails to disclose a material fact to the board during the application process or any subsequent investigation after a license has been issued.
- (4) Failure to meet the criminal history standards outlined in WAC 314-55-040.
- (5) Failure to meet the marijuana law or rule violation history standards outlined in WAC [314-55-045](#).

- (6) The source of funds identified by the applicant to be used for the acquisition, startup and operation of the business is questionable, unverifiable, or determined by the board to be gained in a manner which is in violation by law.
- (7) Failure to submit a signed affidavit from the landlord acknowledging the use of the leased property.
- (8) Denies the board or its authorized representative access to any place where a licensed activity takes place or fails to produce any book, record or document required by law or board rule.
- (9) Has been denied or had a marijuana license or medical marijuana license suspended or cancelled in another state or local jurisdiction.
- (10) Where the city, county, tribal government, or port authority has submitted a substantiated objection per the requirements in RCW 69.50.331 (7) and (9).
- (11) The board may not issue a new marijuana license if the proposed licensed business is within one thousand feet of the perimeter of the grounds of any of the following entities. The distance shall be measured as the shortest straight line distance between the perimeters of the proposed licensed location and the entities listed below:
 - (a) elementary or secondary school;
 - (b) playground;
 - (c) recreation center or facility;
 - (d) child care center;
 - (e) public park;
 - (f) public transit center;
 - (g) library; or
 - (h) any game arcade (where admission is not restricted to persons age twenty-one or older).
- (12) Has failed to pay taxes or fees required under Chapter 69.50 RCW or failed to provide production, processing, inventory, sales and transportation reports to documentation required under Chapter 314-55 WAC.
- (13) Failure to submit an attestation that they are current in any tax obligations to the Washington State Department of Revenue.
- (14) Has been denied a liquor license or had a liquor license suspended or revoked in this or any other state.
- (15) The operating plan does not demonstrate to the satisfaction of the board the applicant is qualified for a license.
- (16) Failure to operate in accordance with the board approved operating plan.
- (17) The board determines the issuance of the license will not be in the best interest of the welfare, health or safety of the people of the state.

New Section. WAC 314-55-070 Process if the board denies a marijuana license application.

If the board denies a marijuana license application, the applicants may:

- (1) Request an administrative hearing per chapter [34.05](#) RCW, the Administrative Procedure Act.

- (2) Reapply for the license no sooner than one year from the date on the final order of denial.

New Section. WAC 314-55-075 What is a marijuana producer license and what are the fees related to a marijuana producer license?

- (1) A marijuana producer license allows the licensee to produce marijuana for sale at wholesale to marijuana processor licensees and to other marijuana producer licensees. Marijuana production must take place within a fully enclosed secure indoor facility or greenhouse with rigid walls, a roof, and doors.
- (2) The application fee for a marijuana producer license is two hundred fifty dollars. The applicant is also responsible for paying the fees required by the approved vendor for fingerprint evaluation.
- (3) The annual fee for issuance and renewal of a marijuana producer license is one thousand dollars. The board will conduct random criminal history checks at the time of renewal that will require the licensee to submit fingerprints for evaluation from the approved vendor. The licensee will be responsible for all fees required for the criminal history checks.
- (4) The board will initially limit the opportunity to apply for a marijuana producer license to a 30-day calendar window beginning with the effective date of this section. In order for a marijuana producer application license to be considered it must be received no later than 30 days after the effective date of the rules adopted by the board. The board may reopen the marijuana producer application window after the initial evaluation of the applications received and at subsequent times when the market deems necessary

New Section. WAC 314-55-077 What is a marijuana processor license and what are the fees related to a marijuana processor license?

- (1) A marijuana processor license allows the licensee to process, package, and label useable marijuana and marijuana-infused products for sale at wholesale to marijuana retailers.
- (2) The application fee for a marijuana processor license is two hundred fifty dollars. The applicant is also responsible for paying the fees required by the approved vendor for fingerprint evaluation.
- (3) The annual fee for issuance and renewal of a marijuana processor license is one thousand dollars. The board will conduct random criminal history checks at the time of renewal that will require the licensee to submit fingerprints for evaluation from the approved vendor. The licensee will be responsible for all fees required for the criminal history checks.
- (4) The board will initially limit the opportunity to apply for a marijuana processor license to a 30-day calendar window beginning with the effective date of this section. In order for a marijuana processor application license to be considered it must be received no later than 30 days after the effective date of the rules adopted by the board. The board may reopen the marijuana processor application window after the initial evaluation of the applications that are received and processed, and at subsequent times when the board deems necessary

New Section. WAC 314-55-079 What is a marijuana retailer license and what are the fees related to a marijuana retailer license?

- (1) A marijuana retail license allows the licensee to sell only useable marijuana, marijuana-infused products, and marijuana paraphernalia at retail in retail outlets to persons twenty-one years of age and older.
- (2) Marijuana extracts, such as hash, hash oil, shatter, and wax can be infused in products sold in a marijuana retail store, but RCW 69.50.354 does not allow the sale of extracts that are not infused in products. A marijuana extract does not meet the definition of a marijuana-infused product per RCW 69.50.101.
- (3) The application fee for a marijuana retailer's license is two hundred fifty dollars. The applicant is also responsible for paying the fees required by the approved vendor for fingerprint evaluation.
- (4) The annual fee for issuance and renewal of a marijuana retailer's license is one thousand dollars. The board will conduct random criminal history checks at the time of renewal that will require the licensee to submit fingerprints for evaluation from the approved vendor. The licensee will be responsible for all fees required for the criminal history checks.

New Section. WAC 314-55-080 What is a marijuana producer/processor license and what are the fees related to a marijuana producer/processor license?

- (1) A marijuana producer/processor license allows the licensee to produce marijuana for sale at wholesale to marijuana processor licensees and to other marijuana producer licensees, and to process, package, and label useable marijuana and marijuana-infused products for sale at wholesale to marijuana retailers.
- (2) The application fee for a marijuana producer/processor license is five hundred dollars. The applicant is also responsible for paying the fees required by the approved vendor for fingerprint evaluation.
- (3) The annual fee for issuance and renewal of a marijuana producer/processor license is two thousand dollars. The board will conduct random criminal history checks at the time of renewal that will require the licensee to submit fingerprints for evaluation from the approved vendor. The licensee will be responsible for all fees required for the criminal history checks.
- (4) The board will initially limit the opportunity to apply for a marijuana producer/processor license to a 30-day calendar window beginning with the effective date of this section. In order for a marijuana producer/processor application license to be considered it must be received no later than 30 days after the effective date of the rules adopted by the board. The board may reopen the marijuana producer/processor application window after the initial evaluation of the applications received and at subsequent times when the market deems necessary

New Section. WAC 314-55-081 Who can apply for a marijuana retailer license?

- (1) The board will determine the number of marijuana retail license locations permitted in each county. Interested parties will be invited to submit a request to apply for a retail license on a form approved by the Board and state the county in which they wish to locate.

- (2) The board will initially limit the opportunity to apply for a marijuana retailer license to a 30-day calendar window beginning with the effective date of this section. In order for a marijuana retailer application license to be considered it must be received no later than 30 days after the effective date of the rules adopted by the board. The board may reopen the marijuana retailer application window after the initial evaluation of the applications received and at subsequent times when the market deems necessary.
- (3) If more candidates submit interest in applying than the number permitted licensed locations, a random drawing will be conducted to determine those entities eligible to apply for a license.
- (4) All interested parties found eligible to apply for a marijuana retail license will be notified by the board and said entities must submit their completed application prior to the published closing date for license applications.
- (5) If the board receives applications totaling less than the permitted number (per county); further names will be selected at random from the initial list of interested parties.
- (6) Applicants selected for the opportunity to submit an application must still meet all license criteria in order to be granted a license. Selection for the opportunity to apply in no way grants any rights or privileges to the prospective applicant.

New Section. WAC 314-55-082 Insurance Requirements.

- (1) Marijuana licensees shall provide insurance coverage as set out in this section. The intent of the required insurance is to protect the consumer should there be any claims, suits, actions, costs, damages or expenses arising from any negligent or intentional act or omission of the marijuana licensees. Marijuana licensees shall furnish evidence in the form of a certificate of insurance satisfactory to the board that insurance, in the following kinds and minimum amounts, has been secured. Failure to provide proof of insurance, as required, may result in license cancellation.
 - (a) Commercial General Liability Insurance: The Licensee shall at all times carry and maintain commercial general liability insurance and if necessary, commercial umbrella insurance for bodily injury and property damage arising out of licensed activities. This insurance shall cover such claims as may be caused by any act, omission, or negligence of the licensee or its officers, agents, representatives, assigns, or servants. The insurance shall also cover bodily injury, including disease, illness and death, and property damage arising out of the licensee's premises/operations, products, and personal injury.
 - (b) Insurance Carrier Rating: The insurance required above shall be issued by an insurance company authorized to do business within the State of Washington. Insurance is to be placed with a carrier that has a rating of A-Class VII or better in the most recently published edition of Best's

Reports. If an insurer is not admitted, all insurance policies and procedures for issuing the insurance policies must comply with Chapter 48.15 RCW and Chapter 284-15 WAC.

New Section. WAC 314-55-083 What are the security requirements for a marijuana licensee?

The security requirements for a marijuana licensee are as follows:

- (1) Display of Identification Badge: All employees in licensed premises shall be required to hold and properly display an identification badge issued by the licensed employer at all times while in a licensee's premises.
- (2) Alarm Systems: At a minimum, each licensed premises must have a security alarm system on all perimeter entry points and perimeter windows. Motion detectors, pressure switches, Duress, Panic and Hold Up alarms may also be utilized.
- (3) Surveillance System: At a minimum, a complete video surveillance and recording system for control areas within licensed premises to ensure control of the area. The requirements include image acquisition, video recording, management and monitoring hardware and support systems.
 - (a) All controlled access areas, security rooms/areas and all points of ingress/egress to limited access areas all points of ingress/egress to the exterior of the licensed premises, and all point-of-sale (POS) areas must have fixed camera coverage capable of identifying activity occurring within a minimum of twenty feet of all entry and exit points.
 - (b) Camera placement shall allow for the clear and certain identification of any individual in and/or on the licensed premises.
 - (c) All entrances and exits to the facility shall be recorded from both indoor and outdoor vantage points, and capable of clearly identifying any activities occurring within the facility or within the grow rooms in low light conditions.
 - (d) Areas where marijuana is grown, cured or manufactured including destroying waste, shall have a camera placement in the room facing the primary entry door, and in adequate fixed positions, at a height which will provide a clear, unobstructed view of the regular activity without a sight blockage from lighting hoods, fixtures, or other equipment, allowing for the clear and certain identification of persons and activities at all times.
 - (e) All marijuana or marijuana-infused products that are intended to be removed or transported from marijuana producer to marijuana processor and or marijuana processor to marijuana retailer shall be staged in an area known as the "Quarantine" location for a minimum of seventy-two hours. Transport manifest with product information and weights must be affixed to the product. At no time during the quarantine period can the product be handled or moved under any circumstances and is subject to auditing by the liquor control board or designees.
 - (f) All camera recordings must be continuously recorded twenty-four hours a day. All surveillance recordings must be kept for a minimum of forty-five days on the licensee's recording device. All videos are subject to inspection by any liquor

control board employee or law enforcement officer, and must be copied and provided to the board upon request.

(4) Traceability: To prevent diversion and to promote public safety, marijuana licensees must track marijuana from seed to sale. Licensees must provide the required information on a system specified by the board. All costs related to the reporting requirements are borne by the licensee. Plants, lots of useable marijuana or trim, leaves, and other plant matter must be traceable from production through processing, and finally into the retail environment including being able to identify the batches of products such as extracts or infused products from the base marijuana. The following information is required:

- (a) Key notification of “events”, such as when a plant enters the system (moved from the clone to the vegetation production area at a young age);
- (b) When plants are to be harvested;
- (c) When plants are destroyed; and
- (d) When useable marijuana or other marijuana products are transported.

New Section. WAC 314-55-085 What are the transportation requirements for a marijuana licensee?

- (1) Notification of shipment: Upon transporting any marijuana or marijuana product, a producer, processor or retailer shall notify the board of the type and amount and/or weight of marijuana and/or marijuana products being transported, the name of transporter, times of departure and expected delivery. This information must be reported in the traceability system described in WAC 314-55-083(4).
- (2) Receipt of shipment: Upon receiving the shipment, the licensee receiving the product shall report the amount and /or weight of marijuana and/or marijuana products received in the traceability system.
- (3) Transportation manifest: A complete transport manifest containing all information required by the board must be kept with the product at all times.
- (4) Records of transportation: Records of all transportation must be kept for a minimum of three years at the licensee’s location.
- (5) Transportation of product: Marijuana or marijuana products that are being transported must meet the following requirements:
 - (a) Only the marijuana licensee or an employee of the licensee may transport product.
 - (b) Marijuana or marijuana products must be in a sealed package or container approved by the board pursuant to WAC 314-55-105;
 - (c) Sealed packages or containers cannot be opened during transport;
 - (d) Marijuana or marijuana products must be in a locked, safe and secure storage compartment that is secured to the inside body/compartments of the vehicle transporting the marijuana or marijuana products;

- (e) Any vehicle transporting marijuana or marijuana products must travel directly from the shipping licensee to the receiving licensee and must not make any unnecessary stops in between except to other facilities receiving product.

New Section. WAC 314-55-086 What are the mandatory signs a marijuana licensee must post on a licensed premises?

(1) Notices regarding persons under twenty-one years of age must be posted on the premises as follows:

Type of licensee	Sign must contain the following language:	Required location of sign
Marijuana producer, marijuana processor, and marijuana retailer	"Persons under twenty-one years of age not permitted on these premises."	Conspicuous location at each entry to premises.

The board will provide the required notices, or licensees may design their own notices as long as they are legible and contain the required language.

(2) Signs provided by the board prohibiting opening a package of marijuana or marijuana-infused product in public or consumption of marijuana or marijuana-infused products in public, must be posted as follows:

Type of premises	Required location of sign
Marijuana retail	Posted in plain view at the main entrance to the establishment.

(3) The premises' current and valid master license with appropriate endorsements must be conspicuously posted on the premises and available for inspection by liquor enforcement officers.

New Section. WAC 314-55-087 What are the recordkeeping requirements for marijuana licensees?

(1) Marijuana licensees are responsible to keep records that clearly reflect all financial transactions and the financial condition of the business. The following records must be

kept and maintained on the licensed premises for a three year period and must be made available for inspection if requested by an employee of the liquor control board:

(a) Purchase invoices and supporting documents, to include the items and/or services purchased, from whom the items were purchased, and the date of purchase;

(b) Bank statements and cancelled checks for any accounts relating to the licensed business;

(c) Accounting and tax records related to the licensed business and each true party of interest;

(d) Records of all financial transactions related to the licensed business, including contracts and/or agreements for services performed or received that relate to the licensed business;

(e) All employee records, to include training;

(f) Records of each daily application of fertilizers, pesticides, herbicides or any other compounds or products applied to the marijuana plants;

(g) Records of each batch of extracts or infused marijuana products made, including at a minimum, the lots of useable marijuana or trim, leaves, and other plant matter used (including the total weight of the base product used), any solvents or other compounds utilized, and the product type and the total weight of the end product produced, such as hash oil, shatter, tincture, infused dairy butter, etc.;

(h) inventory records; and

(i) quality assurance test results.

(2) If the marijuana licensee keeps records within an automated data processing (ADP) and/or point of sale (POS) system, the system must include a method for producing legible records that will provide the same information required of that type of record within this section. The ADP and/or POS system is acceptable if it complies with the following guidelines:

(a) Provides an audit trail so that details (invoices and vouchers) underlying the summary accounting data may be identified and made available upon request;

(b) Provides the opportunity to trace any transaction back to the original source or forward to a final total. If printouts of transactions are not made when they are processed, the system must have the ability to reconstruct these transactions; and

(c) Has available a full description of the ADP and/or POS portion of the accounting system. This should show the applications being performed, the procedures employed in each application, and the controls used to ensure accurate and reliable processing.

(3) The provisions contained in subsections (1) and (2) of this section do not eliminate the requirement to maintain source documents, but they do allow the source documents to be maintained in some other location.

New Section. WAC 314-55-089 What are the tax and reporting requirements for marijuana licensees?

(1) Marijuana licensees must submit monthly report(s) and payments to the board. The required monthly reports must be:

- (a) On a form or electronic system furnished by the board;
- (b) Filed every month, including months with no activity or payment due;
- (c) Submitted, with payment due, to the board on or before the twentieth day of each month, for the previous month. (For example, a report listing transactions for the month of January is due by February 20th.) When the twentieth day of the month falls on a Saturday, Sunday, or a legal holiday, the filing must be postmarked by the U.S. postal service no later than the next postal business day;
- (d) Filed separately for each marijuana license held; and
- (e) All records must be maintained and available for review for a three year period on licensed premise (see WAC 314-55-087).

(2) Marijuana Producer Licensees: On a monthly basis, marijuana producers must maintain records and report purchases from other licensed marijuana producers, current production and inventory on hand, sales by product type, and lost and destroyed product in a manner prescribed by the board.

- (a) A marijuana producer licensee must pay to the board a marijuana excise tax of twenty-five percent of the selling price on each wholesale sale to a license marijuana processor.

(3) Marijuana Processor Licensees: On a monthly basis, marijuana processors must maintain records and report purchases from licensed marijuana producers, production of marijuana-infused products, sales by product type to marijuana retailers, and lost and/or destroyed product in a manner prescribed by the board.

- (a) A marijuana processor licensee to the board a marijuana excise tax of twenty-five percent of the selling price on each wholesale sale of useable marijuana and marijuana-infused product to a licensed marijuana retailer.

(4) Marijuana Producer/Processor Licensee: On a monthly basis, marijuana producer/processors must maintain records and report purchases from other licensed marijuana producers, current production and inventory on hand, sales by product type, and lost and destroyed product in a manner prescribed by the board.

- (a) A marijuana producer/processors must pay to the board a marijuana excise tax of twenty-five percent of the selling price on each wholesale sale to another processor (sales from producer to processor), and twenty-five percent of the selling price on each wholesale sale to a retailer (sales from processor to retailer).

(5) Marijuana Retailer's Licensees: On a monthly basis, marijuana retailers must maintain records and report purchases from licensed marijuana processors, sales by product type to consumers, and lost and/or destroyed product in a manner prescribed by the board.

- (a) A marijuana processor licensee must pay to the board a marijuana excise tax of twenty-five percent of the selling price on each retail sale of useable marijuana or marijuana-infused products.

New Section. WAC 314-55-092 What if a marijuana licensee fails to report or pay, or reports or pays late?

- (1) If a marijuana licensee does not submit its monthly reports and payment(s) to the board as required in WAC 314-55-089:
 - a. the licensee is subject to penalties.

Penalties: A penalty of two percent per month will be assessed on any payments postmarked after the twentieth day of the month following the month of sale. When the twentieth day of the month falls on a Saturday, Sunday, or a legal holiday, the filing must be postmarked by the U.S. postal service no later than the next postal business day.

- (2) Failure to make a report and/or pay the license taxes and/or penalties in the manner and dates outlined in WAC 314-55-089 will be sufficient grounds for the board to suspend or revoke a marijuana license.

New Section. WAC 314-55-095 Marijuana servings and transaction limitations.

Marijuana dosage and transaction limitations are as follows:

- (1) Single Serving: A single serving of a marijuana infused product amounts to ten milligrams active tetrahydrocannabinol (THC), or Delta 9.
- (2) Maximum number of servings: The maximum number of servings in any one marijuana infused product is ten servings or one hundred milligrams of active tetrahydrocannabinol (THC), or Delta 9.
- (3) Transaction limitation: A single transaction is limited to one ounce of useable marijuana, sixteen ounces of marijuana-infused product in solid form, and seventy-two ounces of marijuana-infused product in liquid form for persons twenty-one years of age and older.

New Section. WAC 314-55-097 Marijuana Waste Disposal – Liquids and Solids.

- (1) Marijuana solid and liquid waste must be stored, secured and managed in accordance with the applicable state and local statutes and regulations.
- (2) Marijuana solid and liquid waste shall be disposed of in compliance with the Washington Departments of Ecology and Health and local codes and ordinances.
- (3) Marijuana plant matter waste must be rendered unusable prior to leaving a licensed producer or processor's facility. Allowable methods is by grinding and incorporating the marijuana waste with non-consumable, recycled solid waste so the resulting mixture is at least fifty percent non marijuana waste. Examples of non-consumable, solid waste include:

- (a) Paper waste,
- (b) Plastic waste,
- (c) Cardboard waste,
- (d) Food waste,
- (e) Grease or other compostable oil waste,
- (f) Compost activators, or
- (g) Soil.

- (4) Marijuana flowers, trim and plant material from any lot of marijuana that fails quality assurance testing required by RCW 69.50.348 must be rendered unusable prior to leaving a licensed processor's facility or be used to create a solvent based or CO2 extract. The extract produced must then be retested to ensure it meets all quality testing required by RCW 69.50.348, or must be rendered unusable prior to leaving a licensed processor's facility. Allowable methods to render marijuana flowers, trim, and plant material unusable are:

- (a) By grinding and incorporating the marijuana waste with non-consumable, recycled solid waste so the resulting mixture is at least fifty percent non marijuana waste. Examples of non-consumable, solid waste include:
 - i. Paper waste,
 - ii. Plastic waste,
 - iii. Cardboard waste,
 - iv. Food waste,
 - v. Grease or other compostable oil waste,
 - vi. Compost activators, or
 - vii. Soil.

(b) A producer or processor must provide the board a minimum of 168 hours notice in the traceability system described in WAC 314-55-083 (4) prior to rendering the product unusable and disposing of it.

(5) Any remaining marijuana sample material possessed by third party laboratories accredited by the board to test for quality assurance must be rendered unusable. Allowable methods are:

(a) By grinding and incorporating the marijuana waste with non-consumable, recycled solid waste so the resulting mixture is at least fifty percent non marijuana waste. Examples of non-consumable, solid waste include:

- i. Paper waste,
- ii. Plastic waste,
- iii. Cardboard waste,
- iv. Food waste,
- v. Grease or other compostable oil waste,
- vi. Compost activators, or
- vii. Soil.

(b) By submerging the samples in waste solvent.

New Section. WAC 314-55-099 Standardized scales.

- (1) Marijuana producer and processor licensees must have at least one scale on the licensed premises for the traceability and inventory of product that conforms to the requirements of RCW 19.94 and WAC 16-662 and 16-664.
- (2) Licensees must apply for a “Small Scale” license on a Business License Application with Business License Services through the Department of Revenue.
- (3) Licensees must use a scale conforming to the standards set by the national Institute of Standards and Technology (NIST) and the National Type Evaluation Program (NTEP).
- (4) The scales will be inspected and certified per RCW 19.94.163.

New Section. WAC 314-55-102 Quality Assurance Testing

(1) A person with financial interest in an accredited third-party testing lab may not have direct or indirect financial interest in a licensed marijuana producer or processor for whom they are conducting required quality assurance tests.

(2) As a condition of accreditation, each lab must employ a Scientific Director responsible to ensure the achievement and maintenance of quality standards of practice. The Scientific Director shall meet the following minimum qualifications:

- (a) has earned, from a college or university accredited by a national or regional certifying authority a doctorate in the chemical or biological sciences and a minimum of two (2) years post-degree laboratory experience;
- (b) or has earned a master's degree in the chemical or biological sciences and has a minimum of four (4) years of post degree laboratory experience;
- (c) or has earned a bachelor's degree in the chemical or biological sciences and has a minimum of six (6) years of post education laboratory experience;

(3) As a condition of accreditation, labs must follow the most current version of the Cannabis Inflorescence and Leaf monograph published by the American Herbal Pharmacopoeia or notify the Board what alternative scientifically valid testing methodology the lab is following for each quality assurance test. The Board may require third party validation of any monograph or analytical method followed by the lab to ensure the methodology produces scientifically accurate results prior to them using those standards when conducting required quality assurance tests.

(4) As a condition of accreditation, the Board may require third party validation and ongoing monitoring of a lab's basic proficiency to correctly execute the analytical methodologies employed by the lab.

(5) Labs must adopt and follow minimum good lab practices (GLPs), and maintain internal standard operating procedures (SOPs) and a quality control/quality assurance (QC/QA) program as specified by the Board. The Board or authorized third-party organization can conduct audits of a lab's GLPS, SOPs, QC/QA, and inspect all other related records.

(6) The general body of required quality assurance tests for marijuana flowers, infused products, and extracts may include moisture content, potency analysis, foreign matter inspection, microbiological screening, pesticide and other chemical residue and metals screening, and residual solvents levels.

New Section. WAC 314-55-104 Marijuana Processor License extraction requirements.

- (1) Processors using solvents or gasses to create marijuana extracts must use a professional grade closed loop extraction system approved by the Board.
- (2) Processors using solvents or gasses to create marijuana extracts must work in a spark free environment with proper ventilation, and follow applicable local fire, safety and building codes in processing and the storage of the chemicals.
- (3) United States Pharmacopeia (USP) class three residual solvents or gasses, and other solvents or gasses exhibiting low to minimal potential human health-related toxicity approved by the Board may be used to create marijuana extracts. The approved solvents or gasses must be of medical or instrumental grade, with a purity of at least 95%.
- (4) Processors using solvents or gasses to create marijuana extracts must develop a business plan that outlines standard operating procedures, good manufacturing practices, prior to producing extracts for the marketplace.
- (5) Any person creating marijuana extracts must be properly trained on how to safely use the closed loop system, handle the solvents or gasses safely, and follow other standard operating procedures and good manufacturing practices.
- (6) Parts per million for one gram of finished extract cannot exceed 500 parts per million or residual solvent or gas when quality assurance tested per RCW 69.50.348.

New Section. WAC 314-55-105 Packaging and labeling requirements.

- (1) All usable marijuana and marijuana products must be stored behind a counter or other barrier to ensure a customer does not have direct access to the product.
- (2) Any container or packaging containing usable marijuana or marijuana products must protect the product from contamination and must not impart any toxic or deleterious substance to the useable marijuana or marijuana product.
- (3) Upon the request of a retail customer, a retailer must disclose the name of the accredited third party testing lab and results of the required quality assurance test for any usable marijuana or other marijuana product the customer is considering purchasing.
- (4) Useable marijuana and marijuana products may not be labeled as organic unless certified as organic by the Washington State Department of Agriculture.
- (5) The accredited third party testing lab and required results of the quality assurance test must be included with each lot and disclosed to the customer buying the lot.
- (6) A producer must disclose in writing all pesticides, herbicides, and fungicides or other compounds used for pest control or plant disease while producing any marijuana plant included in the lot.

(7) All usable marijuana when sold at retail must include accompanying material that contains the following warnings that state:

- (a) "Warning: Smoking may be hazardous to your health;"
- (b) "There may be health risks associated with consumption of this product;"
- (c) "Should not be used by woman that are pregnant or breast feeding;"
- (d) "For use only by adults 21 and older. Keep out of reach of children;"
- (e) "Marijuana can impair concentration, coordination, and judgment. Do not operate a vehicle or machinery under the influence of this drug;"
- (f) Warning that discloses all pesticides, herbicides, and fungicides or other compounds used for pest control or plant disease in production and processing.

(8) All marijuana-infused products sold at retail must include accompanying material that contains the following warnings that state:

- (a) "There may be health risks associated with consumption of this product;"
- (b) "This product is infused with marijuana or active compounds of marijuana;"
- (c) "Should not be used by woman that are pregnant or breast feeding;"
- (d) "For use only by adults 21 and older. Keep out of reach of children;"
- (e) "Products containing marijuana can impair concentration, coordination, and judgment. Do not operate a vehicle or machinery under the influence of this drug;"
- (f) "Caution: when eaten, the intoxicating effects of this drug may be delayed by two or more hours;"
- (g) Warning that discloses all pesticides, herbicides, and fungicides or other compounds used for pest control or plant disease in production and processing of the base marijuana used to create the butter, glycerin and other infused compounds added to the product; and
- (h) If an extract was used to infuse the product, a disclosure of the type of extraction method, including any solvents or other chemicals or compounds used to produce or that are added to the extract.

(9) Labels affixed to the container or package containing useable marijuana sold at retail must include:

- (a) The business or trade name and Washington state unified business identifier number of the licensees that produced, processed, and sold the usable marijuana;
- (b) Lot number;
- (c) Concentration of THC, THCA, CBD, CBDA, CBN, CBG, including a total of active cannabinoids (potency profile);
- (d) Net weight;

- (e) Warnings that states: “May be habit forming;”
- (f) Statement that “this product is unlawful outside of Washington State;”
- (g) Date of harvest; and
- (h) The Washington State icon logo found on the Liquor Control Board website for marijuana licensees.

Produced in Washington Icon
3" / 1" / .5" / green



- (10) Sample label mock up for a container or package containing useable marijuana sold at retail with required information:



(11) Labels affixed to the container or package containing marijuana-infused products sold at retail must include:

- (a) The business or trade name and Washington state unified business identifier number of the licensees that produced, processed, and sold the usable marijuana;
- (b) Lot numbers of all base marijuana used to create the extract;
- (c) Batch number;
- (d) Date manufactured;
- (e) Best by date;
- (f) Recommended serving size and the number of servings contained within the unit, including total milligrams of active tetrahydrocannabinol (THC), or Delta 9;
- (g) Net weight;
- (h) List of all ingredients and any allergens;
- (i) "Caution: when eaten, the intoxicating effects of this drug may be delayed by two or more hours;"
- (j) If a marijuana extract was added to the product, disclosure of the type of extraction process and any solvent or other chemical used in the extraction process, or any other compound added to the extract;
- (k) Warnings that states: "May be habit forming;"
- (l) Statement that "this product unlawful outside of Washington State;" and
- (m) The Washington State icon logo found on the Liquor Control Board website for marijuana licensees.

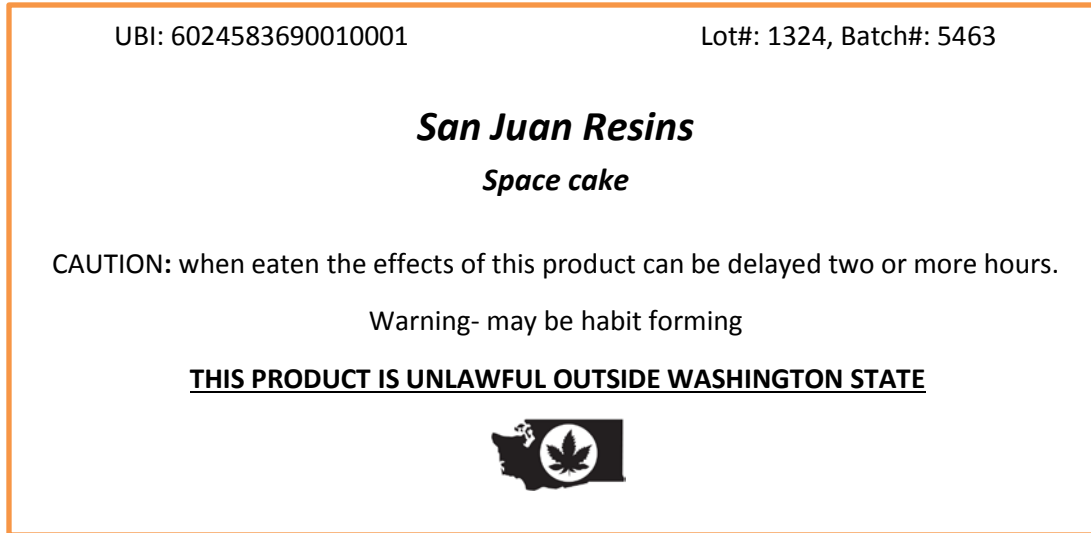
Produced in Washington Icon

3" / 1" / .5" / green

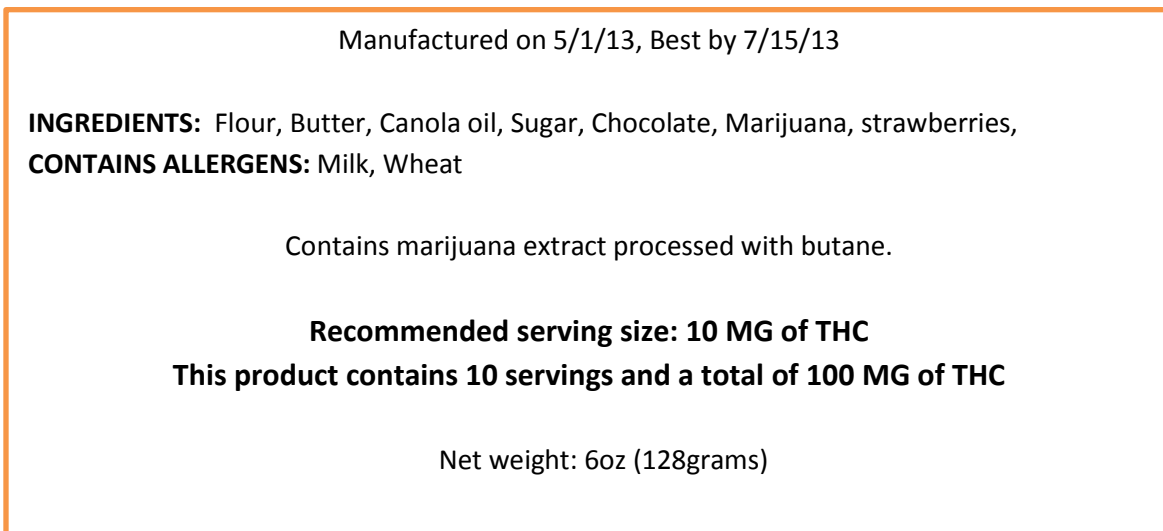


(12) Sample label mock up (front and back) for a container or package containing marijuana infused products sold at retail with required information:

(Front of label)



(Back of label)



New Section. WAC 314-55-120 Ownership changes.

(1) Licensees must receive prior board approval before making any of the following ownership changes (see WAC [314-55-035](#) for the definition of "true party of interest"):

Type of change	Type of application	Fee
Change in the qualifying persons in a: Sole proprietorship, general partnership, limited partnership, or limited liability partnership.	New application	Annual fee for current license privilege.
Change in the qualifying persons for a publicly or privately held corporation. The board will waive the fee for a corporate change when the proposed change consists solely of dropping an approved officer.	Application for change in corporate officer and/or stockholder	\$75
Change in the qualifying persons in a limited liability company.	Application for change of limited liability company member and/or manager	\$75

(2) The board may inquire into all matters in connection with any such sale of stock/units or proposed change in officers/members.

New Section. WAC 314-55-125 Change of location.

- (1) Changing your marijuana license to a new location requires an application, per the process outlined in WAC [314-55-020](#).
- (2) A change of location occurs any time a move by the licensee results in any change to the physical location address.

New Section. WAC 314-55-130 Change of business name.

- (1) If you wish to change the name of your business, you must apply for a change of trade name with the Department of Revenue, Business License Service.
- (2) If you wish to change your corporation or limited liability company name, you must apply for a change of name through the Secretary of State.
- (3) See WAC 434-12 for guidelines for trade names.

New Section. WAC 314-55-135 Discontinue marijuana sales.

You must notify the board's enforcement and education division in writing if you plan to stop doing business for more than thirty days, or if you plan to permanently discontinue marijuana sales.

New Section. WAC 314-55-140 Death or incapacity of a marijuana licensee.

- (1) The appointed guardian, executor, administrator, receiver, trustee, or assignee must notify the board's licensing and regulation division in the event of the death, incapacity, receivership, bankruptcy, or assignment for benefit of creditors of any licensee.
- (2) The board may give the appointed guardian, executor, administrator, receiver, trustee, or assignee written approval to continue marijuana sales on the licensed business premises for the duration of the existing license and to renew the license when it expires.
 - a. The person must be a resident of the State of Washington.
 - b. A criminal background check may be required.
- (3) When the matter is resolved by the court, the true party(ies) of interest must apply for a marijuana license for the business.

New Section. WAC 314-55-145 Are marijuana license fees refundable?

When a license is suspended or cancelled, or the licensed business is discontinued, the unused portion of the marijuana license fee will not be refunded.

New Section. WAC 314-55-147 What hours may a marijuana retailer licensee conduct sales?

A marijuana retailer licensee may sell useable marijuana, marijuana-infused products, and marijuana paraphernalia between the hours of 6am and 2am.

New Section. WAC 314-55-150 What are the forms of acceptable identification?

- (1) Following are the forms of identification that are acceptable to verify a person's age for the purpose of purchasing marijuana:
 - (a) Driver's license, instruction permit, or identification card of any state, or province of Canada, from a U.S. territory or the District of Columbia, or "identocard" issued by the Washington state department of licensing per RCW [46.20.117](#);
 - (b) United States armed forces identification card issued to active duty, reserve, and retired personnel and the personnel's dependents, which may include an embedded, digital signature in lieu of a visible signature;
 - (c) Passport;
 - (d) Merchant Marine identification card issued by the United States Coast Guard; and
 - (e) Enrollment card issued by the governing authority of a federally recognized Indian tribe located in Washington, if the enrollment card incorporates security features comparable to those implemented by the department of licensing for Washington driver's licenses.
- (2) The identification document is not acceptable to verify age if expired

New Section. WAC 314-55-155 Advertising

- (1) Advertising by retail licensees.

The board limits each retail licensed premises to one sign identifying the retail outlet by the licensee's business name or trade name that is affixed or hanging in the windows or on the outside of the premises that is visible to the general public from the public right of way. The size of the sign is limited to sixteen hundred square inches.
- (2) General.

All marijuana advertising of products sold in the state of Washington may not contain any statement or illustration that:

 - (a) Is false or misleading;
 - (b) Promotes over consumption;
 - (c) Represents the use of marijuana has curative or therapeutic effects.
 - (d) Depicts a child or other person under legal age to consume marijuana, or includes:
 - i. Objects, such as toys or characters, suggesting the presence of a child, or any other depiction designed in any manner to be especially appealing to children or other persons under legal age to consume marijuana; or
 - ii. Is designed in any manner that would be especially appealing to children or other persons under twenty-one years of age.

New Section. WAC 314-55-160 Objections to marijuana license applications.

(1) **How can persons, cities, counties, tribal governments, or port authorities object to the issuance of a marijuana license?** Per RCW [69.50.331](#), the board will/may notify cities, counties, tribal governments, and port authorities of the following types of marijuana applications. In addition to these entities, any person or group may comment in writing to the board regarding an application.

Type of Application	Entities the board will/may notify
<ul style="list-style-type: none"> • Applications for an annual marijuana license at a new location. • Applications to change the class of an existing annual marijuana license. 	<ul style="list-style-type: none"> • Cities and counties in which the premises is located will be notified. Tribal governments and port authorities in which the premises is located may be notified.
<ul style="list-style-type: none"> • Changes of ownership at existing licensed premises 	<ul style="list-style-type: none"> • Cities and counties in which the premises is located will be notified. Tribal governments and port authorities in which the premises is located may be notified.

(2) **What will happen if a person or entity objects to a marijuana license application?**

When deciding whether to issue or deny a marijuana license application, the board will give due consideration to input from governmental jurisdictions in which the premises is

located; and other persons or groups. Note: Per RCW 69.50.331, the board shall not issue a new marijuana license if any of the following are within 1000 feet of the premises to be licensed: any elementary or secondary schools within 1000 feet of the perimeter of the grounds, playgrounds, recreation centers or facilities, child care centers, public parks, public transit centers, libraries, game arcade where admission is not restricted to persons twenty-one years of age or older.

- (a) If the board contemplates issuing a license over the objection of a governmental jurisdiction in which the premises is located, the government subdivision may request an adjudicative hearing under the provisions of the Administrative Procedure Act (chapter [34.05](#) RCW). If the board, in its discretion, grants the governmental jurisdiction(s) an adjudicative hearing, the applicant will be notified and given the opportunity to present evidence at the hearing.
- (b) If the board denies a marijuana license application based on the objection from a governmental jurisdiction the applicant(s) may either:
 - i. Reapply for the license no sooner than one year from the date on the final order of denial; or
 - ii. Submit a written request on a form provided by the board for an adjudicative hearing under the provisions of the Administrative Procedure Act (chapter [34.05](#) RCW). The request must be received within twenty days of the date the intent to deny notification was mailed.

New Section. WAC 314-55-165 Objections to marijuana license renewals.

(1) How can local cities, counties, tribal governments, or port authorities object to the renewal of a marijuana license?

- (a) The board will give governmental jurisdictions approximately ninety days written notice of premises that hold annual marijuana licenses in that jurisdiction that are up for renewal.
- (b) Per RCW 69.50.331, if a county, city, tribal government, or port authority wants to object to the renewal of a marijuana license in its jurisdiction, it must submit a letter to the board detailing the reason(s) for the objection and a statement of all facts on which the objections are based.
- (c) The county, city, tribal government, or port authority may submit a written request to the board for an extension for good cause shown.
- (d) This letter must be received by the board at least thirty days before the marijuana license expires. The objection must state specific reasons and facts that show issuance of the marijuana license at the proposed location or to the applicant business will detrimentally impact the safety, health, or welfare of the community.
- (e) If the objection is received within thirty days of the expiration date or the licensee has already renewed the license, the objection will be considered as a complaint and possible license revocation may be pursued by the enforcement division.
- (f) Objections from the public will be referred to the appropriate city, county, tribal government, or port authority for action under subsection (2) of this section. Upon receipt of the objection, the board licensing and regulation division will acknowledge receipt of the objection(s) and forward to the appropriate city,

county, tribal government, or port authority. Such jurisdiction may or may not, based on the public objection, request nonrenewal.

(2) What will happen if a city, county, tribal government, or port authority objects to the renewal of a marijuana license?

The board will give due consideration to a city, county, tribal government, or port authority objection to a marijuana license renewal of a premises in its jurisdiction. Based on the jurisdiction's input and any information in the licensing file, the board will decide to either renew the marijuana license, or to pursue nonrenewal.

(a) Board decides to renew the marijuana license:	(b) Board decides to pursue nonrenewal of the marijuana license:
(i) The board will notify the jurisdiction(s) in writing of its intent to renew the license, stating the reason for this decision.	(i) The board will notify the licensee in writing of its intent to not renew the license, stating the reason for this decision.
(ii) The jurisdiction(s) may contest the renewal and request an adjudicative hearing under the provisions of the Administrative Procedure Act (chapter 34.05 RCW) by submitting a written request on a form provided by the board. The request must be received within twenty days of the date the intent to renew notification was mailed.	(ii) The licensee may contest the nonrenewal action and request an adjudicative hearing under the provisions of the Administrative Procedure Act (chapter 34.05 RCW) by submitting a written request on a form provided by the board. The request must be received within twenty days of the date the intent to deny notification was mailed.
	(iii) If the licensee requests a hearing, the governmental jurisdiction will be

	<p>notified.</p> <p>(iv) During the hearing and any subsequent appeal process, the licensee is issued a temporary operating permit for the marijuana license until a final decision is made.</p>
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New Section. WAC 314-55-505 What are the procedures for notifying a licensee of an alleged violation of a liquor control board statute or regulation?

- (1) When an enforcement officer believes that a licensee has violated a board statute or regulation, the officer may prepare an administrative violation notice (AVN) and mail or deliver the notice to the licensee, licensee's agent or employee.
- (2) The AVN notice will include:
 - a. A complete narrative description of the violation(s) the officer is charging;
 - b. The date(s) of the violation(s);
 - c. A copy of the law(s) and/or regulation(s) allegedly violated;
 - d. An outline of the licensee's options as outlined in WAC [314-55-510](#); and
 - e. The recommended penalty.
 - i. If the recommended penalty is the standard penalty, see WAC [314-55-520](#) through [314-55-535](#) for licensees.
 - ii. For cases in which there are aggravating or mitigating circumstances, the penalty may be adjusted from the standard penalty.

New Section. WAC 314-55-506 What is the process once the board summarily suspends a marijuana license?

- (1) The board may summarily suspend any license after the board's enforcement division has completed a preliminary staff investigation of the violation and upon a determination that immediate cessation of the licensed activities is necessary for the protection or preservation of the public health, safety or welfare.
- (2) Suspension of any license under this provision shall take effect immediately upon personal service on the licensee or employee thereof of the summary suspension order unless otherwise provided in the order.
- (3) When a license has been summarily suspended by the board, an adjudicative proceeding for revocation or other action must be promptly instituted before an administrative law judge assigned by the office of administrative hearings. If a request for an administrative hearing is timely filed by the licensee or permit holder, then a hearing shall be held within ninety days of the effective date of the summary suspension ordered by the board.

New Section. WAC 314-55-507 How may a licensee challenge the summary suspension of his or her marijuana license?

- (1) Upon summary suspension of a license by the board pursuant to WAC [314-55-506](#), an affected licensee may petition the board for a stay of suspension pursuant to RCW [34.05.467](#) and [34.05.550](#)(1). A petition for a stay of suspension must be received by the board within fifteen days of service of the summary suspension order. The petition for stay shall state the basis on which the stay is sought.
- (2) A hearing shall be held before an administrative law judge within fourteen days of receipt of a timely petition for stay. The hearing shall be limited to consideration of whether a stay should be granted, or whether the terms of the suspension may be modified to allow the conduct of limited activities under current licenses or permits.
- (3) Any hearing conducted pursuant to subsection (2) of this section shall be a brief adjudicative proceeding under RCW [34.05.485](#). The agency record for the hearing shall consist of the documentary information upon which the summary suspension was based. The licensee or permit holder shall have the burden of demonstrating by clear and convincing evidence that:
 - a. The licensee is likely to prevail upon the merits at hearing;
 - b. Without relief, the licensee will suffer irreparable injury. For purposes of this section, elimination of income from licensed activities shall not be deemed irreparable injury;
 - c. The grant of relief will not substantially harm other parties to the proceedings; and
 - d. The threat to the public health, safety, or welfare is not sufficiently serious to justify continuation of the suspension, or that modification of the terms of the suspension will adequately protect the public interest.
- (4) The initial order on stay shall be effective immediately upon service unless another date is specified in the order.

New Section. WAC 314-55-508 Review of orders on stay.

- (1) The licensee, or agency, may petition the board for review of an initial order on stay. Any petition for review must be in writing and received by the board within ten days of service of the initial order. If neither party has requested review within ten days of service, the initial order shall be deemed the final order of the board for purposes of RCW [34.05.467](#).
- (2) If the board receives a timely petition for review, the board shall consider the petition within fifteen days of service of the petition for review. Consideration on review shall be limited to the record of the hearing on stay.
- (3) The order of the board on the petition for review shall be effective upon personal service unless another date is specified in the order and is final pursuant to RCW [34.05.467](#). Final disposition of the petition for stay shall not affect subsequent administrative proceedings for suspension or revocation of a license.

New Section. WAC 314-55-510 What options does a licensee have once he/she receives a notice of an administrative violation?

- (1) A licensee has twenty days from receipt of the notice to:
 - (a) Accept the recommended penalty; or
 - (b) Request a settlement conference in writing; or
 - (c) Request an administrative hearing in writing. A response must be submitted on a form provided by the agency.
- (2) What happens if a licensee does not respond to the administrative violation notice within twenty days?**
 - (a) If a licensee does not respond to the administrative violation notice within twenty days, the recommended suspension penalty will go into effect.
 - (b) If the penalty does not include a suspension, the licensee must pay a 25% late fee in addition to the recommended penalty. The recommended penalty plus the late fee must be received within thirty days of the violation notice issue date.
- (3) What are the procedures when a licensee requests a settlement conference?**
 - (a) If the licensee requests a settlement conference, the hearing examiner or designee will contact the licensee to discuss the violation.
 - (b) Both the licensee and the hearing examiner or designee will discuss the circumstances surrounding the charge, the recommended penalty, and any aggravating or mitigating factors.
 - (c) If a compromise is reached, the hearing examiner or designee will prepare a compromise settlement agreement. The hearing examiner or designee will forward the compromise settlement agreement, authorized by both parties, to the board, or designee, for approval.
 - i. If the board, or designee, approves the compromise, a copy of the signed settlement agreement will be sent to the licensee and will become part of the licensing history.
 - ii. If the board, or designee, does not approve the compromise, the licensee will be notified of the decision. The licensee will be given the option to renegotiate with the hearings examiner or designee, of accepting the originally recommended penalty, or of requesting an administrative hearing on the charges.
 - (d) If the licensee and the hearing examiner or designee cannot reach agreement on a settlement proposal, the licensee may accept the originally recommended penalty, or the hearing examiner or designee will forward a request for an administrative hearing to the board's hearings coordinator.

New Section. WAC 314-55-515 What are the penalties if a marijuana license holder violates a marijuana law or rule?

- (1) The purpose of WAC [314-55-515](#) through [314-55-540](#) is to outline what penalty a marijuana licensee can expect if a licensee or employee violates a liquor control board law or rule. (WAC rules listed in the categories provide reference areas, and may not be all inclusive.)

- (2) Penalties for violations by marijuana licensees or employees are broken down into four categories:
- (a) Group One -- Public safety violations, WAC [314-55-520](#).
 - (b) Group Two -- Regulatory violations, WAC [314-55-525](#).
 - (c) Group Three -- License violations, WAC [314-55-530](#).
 - (d) Group Four -- Producer violations involving the manufacture, supply, and/or distribution of marijuana by nonretail licensees and prohibited practices between nonretail licensees and retail licensees, WAC [314-55-535](#).
- (3) For the purposes of chapter [314-55](#) WAC, a three year window for violations is measured from the date one violation occurred to the date a subsequent violation occurred.
- (4) The following schedules are meant to serve as guidelines. Based on mitigating or aggravating circumstances, the liquor control board may impose a different penalty than the standard penalties outlined in these schedules. Based on mitigating circumstances, the board may offer a monetary option in lieu of suspension, or alternate penalty, during a settlement conference as outlined in WAC [314-55-510](#)(3).

(a) Mitigating circumstances	(b) Aggravating circumstances
<p>Mitigating circumstances that may result in fewer days of suspension and/or a lower monetary option may include demonstrated business policies and/or practices that reduce the risk of future violations.</p> <p>Examples include:</p> <ul style="list-style-type: none"> • Having a signed acknowledgment of the business' responsible handling and sales policies on file for each employee; • Having an employee training plan that includes annual training on marijuana laws. 	<p>Aggravating circumstances that may result in increased days of suspension, and/or increased monetary option, and/or cancellation of marijuana license may include business operations or behaviors that create an increased risk for a violation and/or intentional commission of a violation.</p> <p>Examples include:</p> <ul style="list-style-type: none"> • Failing to call 911 for local law enforcement or medical assistance when requested by a customer, a liquor control board officer, or when people have sustained injuries.

New Section. WAC 314-55-520 Group 1 violations against public safety.

Group 1 violations are considered the most serious because they present a direct threat to public safety. Based on RCW 69.50, some violations have only a monetary option. Some violations beyond the first violation do not have a monetary option upon issuance of a violation notice. The liquor control board may offer a monetary option in lieu of suspension days based on mitigating circumstances as outlined in WAC [314-55-515\(4\)](#).

Violation Type	1st Violation	2nd Violation in a three -year window	3rd Violation in a three -year window	
Violations involving minors: Sale or service to minor: Sale of marijuana and/or paraphernalia to a person under 21 years of age WAC 314-55-079	10 day suspension or \$2500 monetary option	30 day suspension	Cancellation of license	
Allowing a minor to frequent a restricted area. RCW 69.50.357	\$1000 monetary fine	\$1000 monetary fine	\$1000 monetary fine	
Employee under legal age RCW 69.50.357	\$1000.00 monetary fine	\$1000.00 monetary fine	\$1000.00 monetary fine	\$1000.00 monetary fine
Licensee and/or employee open and/or consuming marijuana on a retail licensed premises RCW 69.50.357	\$1000.00 monetary fine	\$1000.00 monetary fine	\$1000.00 monetary fine	\$1000.00 monetary fine

<p>Conduct violations:</p> <p>Criminal conduct: Permitting or engaging in criminal conduct.</p>	<p>10 day suspension or \$2500 monetary option</p>	<p>30 day suspension</p>	<p>Cancellation of license</p>	
<p>Refusal to allow an inspection and/or obstructing a law enforcement officer from performing their official duties.</p> <p>WAC 314-55-050</p>	<p>10 day suspension or \$2500 monetary option</p>	<p>30 day suspension</p>	<p>Cancellation of license</p>	
<p>Marijuana purchased from an unauthorized source</p> <p>Marijuana sold to an unauthorized source</p> <p>Sales in excess of transaction limitations</p> <p>WAC 314-55-095(3)</p>	<p>Cancellation of license</p> <p>Cancellation of license</p> <p>Cancellation of license</p>			

New Section. WAC 314-55-525 Group 2 regulatory violations.

Group 2 violations are violations involving general regulation and administration of retail or nonretail licenses.

Violation Type	1st Violation	2nd Violation in a three -year window	3rd Violation in a three -year window	4th Violation in a three -year window
Hours of service: Sales of marijuana between 2:00 a.m. and 6:00 a.m.	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Advertising: violations (statements / illustrations) WAC 314-55-155(2)	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Advertising violations – sign exceeding 1600 square inches; within 1000 feet of prohibited areas; on or in public transit vehicles, shelters, or publicly owned or operated property RCW 69.50.357 RCW 69.50.369	\$1000.00 monetary fine	\$1000.00 monetary fine	\$1000.00 monetary fine	\$1000.00 monetary fine
Packaging and /or Labeling violations (Processor / Retailer) WAC 314-55-105	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Licensee / employee failing to	5 day suspension	10 day suspension or	30 day suspension	Cancellation of license

display required security badge WAC 314-55-083(1)	or \$500 monetary option	\$2,500 monetary option		
Failure to maintain required security alarm and surveillance systems WAC 314-55-083 (2)(3)	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Records: Improper recordkeeping. WAC 314-55 087 WAC 314-55-089 (3)(4)(5)	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Failure to submit monthly tax reports and/or payments WAC 314-55-089 WAC 314-55-092	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Signs: Failure to post required signs. WAC 314-55-086	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Failure to utilize and/or maintain traceability (Processor or Retail licensee) WAC 314-55-083(4)	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Violation of transportation requirements WAC 314-55-085	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Exceeding	5 day	10 day	30 day	Cancellation of

maximum serving requirements for marijuana infused products WAC 314-55-095(2)	suspension or \$500 monetary option	suspension or \$2,500 monetary option	suspension	license
Failure for a processor to meet marijuana waste disposal requirements WAC 314-55-097	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Failure to maintain standardized scale requirements (processor / retailer) WAC 314-55-099	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Marijuana processor extraction requirements WAC 314-55-104	5 day suspension or \$500 monetary option	10 day suspension or \$2,500 monetary option	30 day suspension	Cancellation of license
Retail outlet selling unauthorized products RCW 69.50.357	\$1000.00 monetary fine	\$1000.00 monetary fine	\$1000.00 monetary fine	\$1000.00 monetary fine
Retailer displaying products in a manner visible to the general public from a public right of way RCW 69.50.357	\$1000.00 monetary fine	\$1000.00 monetary fine	\$1000.00 monetary fine	\$1000.00 monetary fine

New Section. WAC 314-55-530 Group 3 license violations

Group 3 violations are violations involving licensing requirements, license classification, and special restrictions.

Violation Type	1st Violation	2nd Violation in a three -year window	3rd Violation in a three -year window	4th Violation in a three -year window
True party of interest violation. WAC 314-55-035	Cancellation of license			
Failure to furnish required documents. WAC 314-55-050	Cancellation of license			
Misrepresentation of fact. WAC 314-55-050	Cancellation of license			
Operating plan: Violations of a board-approved operating plan. WAC 314-55-020	5 day suspension or \$500 monetary option	10 day suspension or \$1,500 monetary option	30 day suspension	Cancellation of license
Failing to gain board approval for changes in existing ownership WAC 314-55-120	30 day suspension	Cancellation of license		
Failure to maintain required insurance WAC 314-55-080	30 day suspension	Cancellation of license		

New Section. WAC 314-55-535 Group 4 marijuana producer violations.

Group 4 violations are violations involving the manufacture, supply, and/or distribution of marijuana by marijuana producer licensees and prohibited practices between a marijuana producer licensee and a marijuana retailer licensee.

Violation type	1st Violation	2nd Violation in a three-year window	3rd Violation in a three -year window	4th Violation in a three -year window
Unauthorized sale to a retail licensee WAC 314-55-075	\$2500 monetary fine	Destruction of 25% of harvestable plants	Destruction of 50% of harvestable plants	Cancellation of license
Failure to utilize and/or maintain traceability WAC 314-55-083(4)	\$2500 monetary fine	Destruction of 25% of harvestable plants	Destruction of 50% of harvestable plants	Cancellation of license
Packaging and /or Labeling violations (producer) WAC 314-55-105	\$2500 monetary fine	Destruction of 25% of harvestable plants	Destruction of 50% of harvestable plants	Cancellation of license
Unauthorized product/unapproved storage or delivery	\$2500 monetary fine	Destruction of 25% of harvestable plants	Destruction of 50% of harvestable plants	Cancellation of license
Failure for a producer to meet marijuana waste disposal requirements WAC 314-55-097	\$2500 monetary fine	Destruction of 25% of harvestable plants	Destruction of 50% of harvestable plants	Cancellation of license
Records: Improper recordkeeping WAC 314-55 087	\$2500 monetary fine	Destruction of 25% of harvestable plants	Destruction of 50% of harvestable plants	Cancellation of license

WAC 314-55-089 (2)(4) WAC 314-55-092				
Violation of transportation requirements WAC 314-55-085	\$2500 monetary fine	Destruction of 25% of harvestable plants	Destruction of 50% of harvestable plants	Cancellation of license
Failure to maintain required security alarm and surveillance systems WAC 314-55-083 (2)(3)	\$2500 monetary fine	Destruction of 25% of harvestable plants	Destruction of 50% of harvestable plants	Cancellation of license
Failure to maintain standardized scale requirements (producer) WAC 314-55-099	\$2500 monetary fine	Destruction of 25% of harvestable plants	Destruction of 50% of harvestable plants	Cancellation of license
Violation				

New Section. WAC 314-55-540 Information about marijuana license suspensions.

- (1) On the date a marijuana license suspension goes into effect, a liquor control officer will post a suspension notice in a conspicuous place on or about the licensed premises. This notice will state that the license has been suspended by order of the liquor control board due to a violation of a board law or rule.
- (2) During the period of marijuana license suspension, the licensee and employees:
 - (a) Are required to maintain compliance with all applicable marijuana laws and rules;
 - (b) May not remove, alter, or cover the posted suspension notice, and may not permit another person to do so;
 - (c) May not place or permit the placement of any statement on the licensed premises indicating that the premises have been closed for any reason other than as stated in the suspension notice.
 - (d) May not advertise by any means that the licensed premises is closed for any reason other than as stated in the liquor control board's suspension notice.
- (3) During the period of marijuana license suspension:
 - (a) A marijuana retailer or marijuana processor licensee may not operate his/her business during the dates and times of suspension

- (b) There is no sale, delivery, service, destruction, removal, or receipt of marijuana during a license suspension.
- (c) A producer of marijuana may do whatever is necessary as a part of the producing process to keep current stock that is on hand at the time of the suspension from spoiling or becoming unsalable during a suspension, provided it does not include processing the product. The producer may not receive any agricultural products used in the production of marijuana during the period of suspension.

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