

**WSR 24-21-050**  
**PREPROPOSAL STATEMENT OF INQUIRY**  
**LIQUOR AND CANNABIS**  
**BOARD**

[Filed October 9, 2024, 12:32 p.m.]

Subject of Possible Rule Making: The Washington state liquor and cannabis board (LCB) is considering amending WAC 314-55-035 and amending, repealing, or creating new sections of Title 314 WAC as necessary to identify the conditions under which employee stock ownership plans (ESOP) may be permitted to have partial or complete ownership of cannabis licensees while complying with existing Washington statutes and regulations on true parties of interest and other laws relating to cannabis licenses. The rule making may extend to the permitted use of ESOP in liquor licenses.

Statutes Authorizing the Agency to Adopt Rules on this Subject: RCW 66.08.030 (alcohol), 69.50.342 (cannabis), 69.50.345 (cannabis).

Reasons Why Rules on this Subject may be Needed and What They Might Accomplish: In May 2024, LCB accepted a petition for rule making submitted by the Washington Cannabusiness Association requesting amendments to WAC 314-55-035 regarding true parties of interest to identify ESOP as a permissible entity for an ownership interest in a cannabis business in accordance with Washington statutes and regulations. This rule making may address explicitly allowing ESOPs to operate within existing Washington state cannabis statutes and regulations while preserving the intent of SSB 5096, chapter 392, Laws of 2023, making it the public policy of the state of Washington to encourage the use of ESOP. The rule making may extend to the use of ESOP in liquor licenses as well. Other rule changes may be needed to ensure that ESOPs are not used to avoid compliance with other statutes and regulations.

Other Federal and State Agencies that Regulate this Subject and the Process Coordinating the Rule with These Agencies: None.

Process for Developing New Rule: Negotiated rule making; and collaborative rule making.

Interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication by contacting Daniel Jacobs, Policy and Rules Coordinator, P.O. Box 43080, Olympia, WA 98504, phone 360-480-1238, fax 360-704-5027, email rules@lcb.wa.gov, website lcb.wa.gov.

Additional comments: Interested persons can participate in the rule process through open public meetings and by submitting written comments, and are encouraged to sign up for the interested parties list (GovDelivery) at <https://public.govdelivery.com/accounts/WALCB/subscriber/new>. Rule-making notices and stakeholder engagement opportunities will be emailed via GovDelivery and posted to the LCB website at lcb.wa.gov.

October 9, 2024  
David Postman  
Chair