

WSR 24-21-169
PROPOSED RULES
LIQUOR AND CANNABIS
BOARD

[Filed October 23, 2024, 10:42 a.m.]

Supplemental Notice to WSR 24-16-130.

Preproposal statement of inquiry was filed as WSR 23-23-062.

Title of Rule and Other Identifying Information: Title 314-55 WAC; rule language is being proposed to WAC 314-55-570 to implement E2SSB 5080 (chapter 220, Laws of 2023), to expand and improve the social equity in cannabis program, including revisions to the scoring and application process, county licensing thresholds, and local jurisdiction objections.

Hearing Location(s): On December 4, 2024, at 10 a.m. All public liquor and cannabis board (LCB) activity will be held in a "hybrid" environment. This means that the public will have options for in-person or virtual attendance. The board room at the headquarters building in Olympia, 1025 Union Avenue, Olympia, WA 98504, will be open for in-person attendance and the public may also login using a computer or a device, or call in using a phone, to listen to the meeting through the Microsoft Teams application. The public may provide verbal comments during the specified public comment and rules hearing segments. TVW also regularly airs these meetings. Please note that although the board room will be staffed during a meeting, LCB members and participants may continue to appear virtually. For more information about LCB meetings, please visit <https://lcb.wa.gov/Boardmeetings/> Board meetings.

Date of Intended Adoption: December 18, 2024.

Submit Written Comments to: Cassidy West, Policy and Rules Manager, P.O. Box 48030, Olympia, WA 98504-3080, email rules@lcb.wa.gov, fax 360-704-5027, beginning October 23, 2024, 12:00 p.m., by December 18, 2024, 12:00 p.m.

Assistance for Persons with Disabilities: Contact Anita Bingham, ADA coordinator, human resources, phone 360-878-4235, fax 360-664-9689, TTY 711 or 1-800-833-6388, email anita.bingham@lcb.wa.gov, by December 4, 2024.

Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: The proposed rules are intended to expand and improve the social equity in cannabis program as directed by E2SSB 5080, chapter 220, Laws of 2023. This includes revising definitions, adjusting eligibility criteria, refining the application and scoring processes to ensure a more equitable distribution of cannabis licenses to individuals from disadvantaged communities most adversely impacted by the war on drugs.

1. Definitions: Definitions are amended to enhance clarity, inclusivity, and conform with statute; "disproportionately impacted area," "social equity plan," "family member," "median household income," "preliminary letter of approval," "social equity contractor," and "social equity program applicant."

2. Social Equity Registrant: A new definition for social equity registrant was created and the definition for social equity applicant modified to distinguish two phases of the application process. A social equity registrant is an individual who has registered to be evaluated for qualification under the social equity criteria. A social equity applicant is an individual who submits application materials to the social equity contractor to be reviewed and scored based on the

scoring rubric and has received a preliminary letter of approval by LCB.

3. Registration Process: The initial application process has been amended to provide for registration through an online portal to reduce barriers to entry associated with the eligibility screening for the social equity program, such as financial costs and compliance burden associated with applying for a business license through other state agencies before the social equity contractor scoring evaluation. The registration windows are open for 30 calendar days and there are separate registration windows for retail licenses and nonretail licenses.

Additionally, the existing rules state LCB has sole discretion to reopen the registration window; whereas, the proposed rules detail the factors LCB will consider when deciding whether to reopen the registration window. These factors are relevant to the policy change related to license allocation based on county thresholds.

4. Scoring Rubric: The scoring rubric is adjusted to focus on the four areas of qualification for the social equity program identified in E2SSB 5080. The scoring rubric criteria are modified to more equitably consider the obstacles encountered by candidates from marginalized communities, in response to feedback from the community advocating for a nuanced evaluation of qualifications and circumstances.

5. Affidavits: The rule outlines the circumstances under which affidavits may be used to demonstrate a qualification.

6. Social Equity Contractor Review: The rule change simplifies and clarifies the process for the review of application materials submitted by the registrant to make an eligibility determination for the social equity in cannabis program.

7. Initial and Final Score: The rules provide registrants with a remedy period after the initial scoring process. This means once the social equity contractor issues an initial score with an explanation of the score, registrants have an opportunity to submit supplemental documentation for consideration to potentially improve their final score. This change provides additional transparency in the scoring process and increases accessibility.

8. Board Notification: This section is amended to provide transparency as to the different notifications an applicant receives related to moving forward in the application process or not.

9. No Time Restrictions: These rules provide more flexibility for social equity applicants to secure a location and financing, reducing barriers to entry.

10. 2870 License Mobility: The proposal offers broader location opportunities to locate the initial retail license statewide, under specific conditions, for social equity applicants unable to secure a location in the original city, town, or county where the applicant applied for their social equity license. Effective January 1, 2026, a social equity applicant licensed under the qualification of HB 2870, will be able to locate the initial unopened business to a different county, if the licensee's original score from their HB 2870 application exceeds the lowest awarded score for licenses issued in the desired county. This approach promotes statewide mobility for all applicants, fostering fairness without creating disparities between those who qualified under HB 2870 and those who qualify under E2SSB 5080.

Removing geographical constraints that have impeded the establishment of social equity cannabis businesses advances the program's objectives of increasing diversity in cannabis business ownership and allowing for greater representation of historically marginalized communities.

11. Right to Appeal: Appeal rights are clearly established for applicants withdrawn or denied a license.

12. Title Certificate Holders (TCH): The rule allows title certificate holders to reinstate their licenses under the social equity program with an eligibility determination versus a qualifying application score. This provides relocation options for title certificate holders to reenter the market while providing considerations reflecting public feedback on inclusivity and equitable access to licensing opportunities. The rules provide the TCH must meet the requirements of a social equity applicant, including the 51 percent ownership requirements to reinstate their license. It also provides that TCHs qualifying for the program may reinstate the TCH privilege for an initial license anywhere in the county where it was originally issued, consistent with existing regulations.

13. Local Authority Objections: Local authorities can object to the location of proposed cannabis retail licenses based on preexisting ordinances limiting retail outlet density. LCB will give substantial weight to these objections.

14. County Thresholds: E2SSB 5080 required the LCB to identify thresholds for the number of producer, processor, and retailer licenses in each county. The rule establishing the county thresholds will be evaluated every three years beginning in 2029 and will be published on LCB's website. Established thresholds indicate the number of potentially viable licenses by county based on an analysis of market conditions and other relevant factors conducted by a third-party economist. These thresholds are not caps, but intended to be an economic evaluation to inform applicants about research information current market conditions and future projections of the number of licenses sustainable based on consumer demand.

15. Conflict of Interest: Conflict of interest safeguards were added to reduce risk of any preferential treatment between the third-party vendor and [no further information supplied by agency].

16. Social Equity Plan Reimbursement: Adopting section 2 of E2SSB 5080 to clarify reimbursement for licensing fees.

Reasons Supporting Proposal: The amendments seek to address historical disparities within the cannabis industry by providing greater opportunities for those impacted by the enforcement of cannabis prohibition. The rules aim to foster economic inclusivity and social restoration.

Statutory Authority for Adoption: RCW 69.50.331, 69.50.335, 69.50.345.

Statute Being Implemented: RCW 69.50.335, as amended by E2SSB 5080 (chapter 220, Laws of 2023).

Rule is not necessitated by federal law, federal or state court decision.

Agency Comments or Recommendations, if any, as to Statutory Language, Implementation, Enforcement, and Fiscal Matters: LCB recommends that these rules be implemented as proposed to fulfill the legislative intent of E2SSB 5080, ensuring a robust and equitable social equity in cannabis program.

Name of Proponent: Governmental.

Name of Agency Personnel Responsible for Drafting: Cassidy West, Policy and Rules Manager, 1025 Union Avenue, Olympia, WA 98504, 360-878-4235; Implementation: Rebecca Smith, Director of Licensing and Regulation, 1025 Union Avenue, Olympia, WA 9850[4], 360-664-1753; and Enforcement: Chandra Wax, Director of Enforcement and Education, 1025 Union Avenue, Olympia, WA 9850[4], 360-664-1726.

A school district fiscal impact statement is not required under RCW 28A.305.135.

A cost-benefit analysis is not required under RCW 34.05.328. A cost-benefit analysis is not required under RCW 34.05.328 because the subject of the proposed rule making does not qualify as a significant legislative rule or other rule requiring a cost-benefit analysis under RCW 34.05.328 (5) (c).

This rule proposal, or portions of the proposal, is exempt from requirements of the Regulatory Fairness Act because the proposal:

Is exempt under RCW 19.85.025(3) as the rule content is explicitly and specifically dictated by statute.

Is exempt under RCW 34.05.310 (4) (e).

Explanation of exemptions: This rule proposal is exempt because it involves LCB actions that are mandated by statute, implementing E2SSB 5080, chapter 220, Laws of 2023, to expand and improve the social equity in cannabis program, as described in RCW 69.50.331 and 69.50.335.

Scope of exemption for rule proposal:

Is fully exempt.

October 23, 2024

David Postman

Chair

OTS-5703.4

AMENDATORY SECTION (Amending WSR 22-21-058, filed 10/12/22, effective 11/12/22)

WAC 314-55-570 Social equity in cannabis program. (1) Definitions.

(a) **"Disproportionately impacted area (DIA)"** means a census tract within Washington state where community members were more likely to be impacted by the war on drugs. ~~((These areas are determined using a standardized statistical equation to identify areas of high unemployment, low income, and demographic indicators consistent with populations most impacted by the war on drugs, including areas with higher rates of arrest for drug charges.))~~ The board will provide maps to identify disproportionately impacted areas. The maps will reflect census tracts from different time periods to account for gentrification. These areas are determined using a standardized statistical equation to identify areas in the top 15th percentile in at least two of the following demographic indicators of populations most impacted by the war on drugs:

(i) The area has a high rate of people living under the federal poverty level;

(ii) The area has a high rate of people who did not graduate from high school;

(iii) The area has a high rate of unemployment; or

(iv) The area has a high rate of people receiving public assistance.

(b) **"Family member"** means:

(i) A biological, adopted, or foster child, a stepchild, a child's spouse, or a child to whom the ~~((applicant))~~ social equity registrant, as defined in this subsection below, stands in loco parentis (in place of the parent), is a legal guardian, or is a de facto parent, regardless of age or dependency status;

(ii) Grandchild, grandparent, parent, or sibling of a child as defined in (b)(i) of this subsection;

(iii) Spouse or domestic partner;

(iv) Any individual who regularly resides in the ~~((applicant's))~~ registrant's home or where the relationship creates an expectation that the ((applicant)) registrant care for the ((person)) individual and that individual depends on the applicant for care, or that the individual care for the ((applicant)) registrant and that the ((applicant)) registrant depends on the individual for care.

(c) "~~((Median))~~ **Household income**" means the ~~((most recent median household))~~ gross income ((within)) for the previous calendar year and includes the ((state)) sum of ((Washington as calculated)) the income received in the previous calendar year by ((the United States Census Bureau)) all household members aged 15 years and older before taxes and deductions.

(d) "~~((Person))~~ **Individual**" means a real human being, distinguished from a corporation, company, or other business entity.

(e) "**Median household income**" means the median income for households in Washington for the previous calendar year, as determined by the United States Census Bureau.

(f) "**Preliminary letter of approval**" means an approval letter issued to a social equity program applicant. The letter may be used for the purposes of ((securing a grant from the department of commerce)) applying for funding and/or securing a location, and ((other necessities to complete)) additional steps that may be necessary for continuing with the licensing application process.

~~((f))~~ (g) "**Social equity program applicant**" means ~~((a person(s) who meets the requirements of))~~ an individual or entity that receives a preliminary letter of approval to apply for the social equity licensing program.

~~((g))~~ (h) "**Social equity contractor**" means a third party responsible ~~((to review))~~ for reviewing and ((score)) scoring social equity program applications to identify which applicants qualify to apply for a social equity license.

~~((h))~~ (i) "**Social equity licensee**" means ~~((a person))~~ an individual or entity that holds a social equity cannabis license or any ((person)) individual or entity who is a true party of interest in a social equity in cannabis license as described in WAC 314-55-035.

~~((i))~~ "**Social equity plan**" means a plan that addresses the following elements including, but not limited to:

(i) A description of how issuing a cannabis retail license to the social equity applicant will meet social equity goals as described in statute;

(ii) The social equity applicant's personal or family history with the criminal justice system, including any offenses involving cannabis; and

(iii) Business plans involving partnerships or assistance to organizations or residents with connections or contributions to populations with a history of high rates of enforcement of cannabis prohibition.

(j) "**Social equity title certificate holder**" means a cannabis retail license title certificate holder that meets the requirements of a

~~social equity program applicant as determined by the social equity contractor, and is unable to open for business in the city or county where the cannabis retail license is located)~~ (j) **"Social equity registrant"** means any individual or entity that registers to be evaluated and scored for the social equity program. Qualification is evaluated based on the registrant's application materials submitted to the social equity contractor. If a registrant is deemed qualified for the social equity program and selected to move forward, the registrant becomes a social equity applicant, as defined in this subsection.

~~(2) ((Social equity applicant requirements.~~

~~(a-)) Registering for the social equity program.~~ Registration through a designated portal is required prior to submitting application materials to the social equity contractor. If two or more individuals are registering as a single applicant, only one individual may fill out the registration form on behalf of the other individuals who are applying. Each individual is limited to one registration, within a designated license application window. Individuals registering and submitting application materials who are contributing to the required 51 percent ownership may not be removed or added after registering.

~~(a) Registration window.~~ The registration window(s) will be open for 30 calendar days. The board will open separate registration windows for retail applications and for producer and processor applications. The board may reopen a designated registration window after conducting an evaluation that considers market demand, impacts related to license density, and availability of licenses.

~~(3) Social equity application process.~~ After a designated registration window closes, the social equity contractor will provide the registrant with directions for submitting social equity program application materials and verification documents.

~~(a) Submission requirements.~~ Social equity program application materials must be submitted directly to the social equity contractor in the form and manner required by the social equity contractor, within 21 calendar days after notification from the social equity contractor. Application materials submitted after the specified time frame will not be reviewed or scored. Registrants are responsible for ensuring the application is complete, accurate, and successfully submitted.

~~(4) Qualifying for the social equity program.~~ To ~~((be considered))~~ qualify for the social equity program under this chapter and RCW 69.50.335, the ~~((following requirements))~~ criteria provided in this subsection must be met ~~((by each applicant:~~

~~(b) At least a)).~~ Social equity applicants with the highest scores will be prioritized by the social equity contractor to proceed with the social equity license application process. The social equity contractor will provide the board with a list of the selected registrants that may move forward in the application process as an applicant.

~~(a) 51 percent ownership.~~ An applicant must have 51 percent ownership and control by one or more individuals qualifying as a social equity applicant. All individuals that are a part of the license registration must be held by a person, or persons, who has lawfully resided in Washington state for six months prior to the registration date, consistent with RCW 69.50.331. Each individual comprising the 51 percent majority ~~((, or controlling interest, in the applicant, must be held by a person, or persons, who has or have resided in Washington state for six months prior to the application date, consistent with RCW 69.50.331, and meets at least two of the following qualifica-~~

tions)) ownership must meet at least two of the four qualifications below:

(i) **Qualification 1:** (~~The social equity applicant or applicants have lived in a disproportionately impacted area~~) Resided in a disproportionately impacted area (DIA) in Washington state for a minimum of five years any time between 1980 and 2010(~~;~~~~or~~). Time spent living in a DIA does not need to be consecutive.

(A) Proof of address documentation that may demonstrate currently living or having lived in a DIA include, but are not limited to, documents such as: Bank statements, lease agreements, home insurance or car policy, federal or state tax returns that show the address for each year, utility bills, employment records, school records, voter registration. Any combination of documents may be utilized to demonstrate the qualification.

(B) Affidavits may be used as a supplemental document to demonstrate the registrant meets the qualifications under (4)(a)(i) of this subsection, provided that the affidavit is accompanied by other documents. The social equity contractor reserves the right to verify the authenticity and accuracy of the submitted affidavit and supporting documentation. Additional documentation or evidence may be requested to support the claims made in the affidavit. Failure to provide truthful information or to comply with the verification request may be considered a misrepresentation of fact, under WAC 314-55-050, 314-55-073, or 314-55-505.

(ii) **Qualification 2:** (~~The social equity applicant or a family member of the applicant has~~) Been arrested or convicted (~~of~~) for a cannabis offense(~~;~~~~or~~).

(A) To demonstrate this, documents that contain details such as the date of the arrest or conviction, the charges, and the law enforcement agency involved, such as: Arrest records from the agency that made the arrest, booking reports, bail papers, police reports or police logs, court documents (e.g., arrest warrants, charging documents, or minutes from the arraignment), criminal history records, news reports to establish the event, online inmate locator services for the family member, legal representation who can provide details about the arrest or conviction, court mandated community service paperwork, court mandated paperwork, or background checks. Any combination of documents may be utilized to demonstrate the qualification.

(B) Affidavits may be used as a supplemental document to demonstrate an arrest or conviction was a cannabis offense provided that the affidavit is accompanied by court records that provide evidence of an arrest or conviction for a schedule 1 drug offense. Court records include, but are not limited to, arrest records, charging documents, plea agreements, court orders, or sentencing documents. The social equity contractor reserves the right to verify the authenticity and accuracy of the submitted affidavit and supporting documentation. Additional documentation or evidence may be requested to support the claims made in the affidavit. Failure to provide truthful information or to comply with the verification request may be considered a misrepresentation of fact, under WAC 314-55-050, 314-55-073, or 314-55-505.

(iii) **Qualification 3:** (~~The social equity applicant's~~) Had a household income (~~in the year prior to submitting the application was~~) less than the median household income within the state of Washington as (~~calculated~~) determined by the United States Census Bureau for the calendar year preceding the date of application.

(A) Proof of household income includes, but is not limited to, documents such as: Federal tax return, W-2 forms issued by an employer

that shows annual wages and taxes withheld, 1099-NEC forms, bank statements showing consistent deposits, employer income verification letter stating your salary and terms of employment, unemployment benefits statements, court ordered agreements, annuity statements from an insurance company showing regular annuity payments, workers' compensation letter from an employer or insurance company detailing workers' compensation payments, profit or loss statements for self-employed individuals, a statement showing business income and expenses. Any combination of documents may be utilized to demonstrate the qualification.

(iv) **Qualification 4:** Is both socially and economically disadvantaged as defined by the office of minority and women's business enterprises.

(A) Examples of documentation to demonstrate the qualification may include, but are not limited to, those identified by the office of minority and women's business enterprises for Washington state certification. Any combination of documents may be utilized to demonstrate the qualification.

~~((3) **Social equity application process.**~~

~~(a) **Application window.**~~

~~(i) The board will open the application window for an initial period of 30 calendar days.~~

~~(ii) At its sole discretion, the board may reopen the application window:~~

~~(A) After initial evaluation of applications is received and locations are still available; or~~

~~(B) If additional allotments become available after the initial application window has closed pursuant to RCW 69.50.335.~~

~~(b) **Initial application requirements.**~~

~~(i) The social equity application must be submitted electronically through the department of revenue's business licensing online application system.~~

~~(ii) The social equity applicant must apply to the department of revenue's business licensing service within the 30-day application window. All required information must be completed on the application and payment must be submitted within the 30-day application window for the application to be accepted.~~

~~(iii) The social equity applicant, whether applying as a person, persons, or entity, may apply for a cannabis license only once during each application window described in subsection (4) (c) of this section.~~

~~(iv) An application to reinstate the license of a social equity title certificate holder will not be considered a new social equity license application. The social equity title certificate holder may submit an application for a social equity license and an application to reinstate their existing license through the social equity program.~~

~~(v) A location address is not required at the time of application.~~

~~(e-)) **(5) Identifying registrants eligible to apply for a license.** After the social equity contractor has evaluated all registrations from a designated registration window, the social equity contractor will provide the board with a prioritized list of:~~

~~(a) The top 52 scoring registrants eligible to apply for a retail license.~~

~~(b) The top 10 scoring registrants for a cannabis producer license, which must be issued in conjunction with a cannabis processor license.~~

(c) The top 100 scoring registrants for a cannabis processor only license.

(6) Social equity contractor review. ((Once)) After the ((application)) registration window is closed, the social equity contractor will ((evaluate and prioritize all applications received within the 30-day application window)) provide the registrant, or title certificate holder, with directions for submitting social equity program application materials and verification documents.

~~((i) The social equity applicant must select one county where they wish to operate their business and notify the social equity contractor of their selection in the form and manner required by the social equity contractor.~~

~~((ii) The social equity applicant must submit documentation verifying the eligibility requirements described in (c) (D) (viii) of this subsection to the social equity contractor in the form and manner required by the social equity contractor.~~

~~((iii) Examples of documentation that may verify eligibility requirements include, but are not limited to:~~

~~(A) School records, rental agreements, utility bills, mortgage statements, loan documents, bank records, or tax returns that show the applicant's address(es), or a signed declaration that includes the applicant's address(es) indicating that the applicant resided in a DIA; or~~

~~(B) The applicant's arrest or conviction records, or family member's arrest or conviction records and an affirmation of the familial relationship signed by the applicant and the family member; or~~

~~(C) The applicant's tax returns demonstrating their income for the prior year; or~~

~~(D) Any other documentation that verifies the eligibility requirements described in (c) (D) (viii) of this subsection.~~

~~((iv) If additional materials are needed, the social equity applicant will receive a letter electronically from the social equity contractor directing the applicant to submit additional application materials directly to the social equity contractor.~~

~~((v) The social equity applicant must submit complete and accurate additional application materials directly to the social equity contractor within 15 business days of the date of the letter. It is the responsibility of the social equity applicant to comply with the application requirements in this section and ensure the application is complete, accurate, and successfully submitted to the social equity contractor.~~

~~((vi) If the application is determined to be incomplete by the social equity contractor, the social equity applicant will be provided with 14 days to submit a complete application. The social equity contractor will score the application based on the materials submitted within the time frame.~~

~~((vii) The social equity contractor will review the application materials, including the social equity plan provided by the social equity applicant to determine if the applicant meets the requirements of a social equity applicant.~~

~~((viii) After the social equity contractor determines that the requirements have been met, the social equity contractor will score social equity applications using the following scoring rubric to prioritize social equity applicants:)) (a) Who is eligible to be scored: Scoring by the social equity contractor will be limited to each registrant who meets two out of the four required social equity program qualifications, and each registrant may only be scored once. Only the~~

first registration received will be scored for qualifications. Title certificate holders applying for license reinstatement and registering for an eligibility determination shall not be considered a duplicate registration for other new social equity license application under this section.

(b) **Scoring rubric.** The social equity contractor will prioritize social equity program registrants based on the below scoring rubric criteria. The total score will be based on a cumulative total, adding together the highest achieved score for each of the 7 categories:

Social Equity Application Scoring Rubric		
Category	Eligibility Requirements	Point Scale
	1. Lived in a disproportionately impacted area (DIA) 1-5 years = 15 points 6-10 years = 45 points 11+ years = 60 points	((40)) 60
	((1a. How long have you lived in a DIA? 5y-10y = 20 points 10+ years = 40 points	40))
	2. Convicted of a drug offense? (Self) = 15 points Convicted of a cannabis offense? (Self) = 60 points	((40)) 60
	((2a. Convicted of a cannabis offense? (Self)	40))
	3. Convicted of a drug offense? (Family) = 15 points Convicted of a cannabis offense? (Family) = 30 points	((5)) 30
	((3a. Convicted of a cannabis offense? (Family)	5))
	4. If you were convicted of a cannabis offense, what type of sentence did you receive: Fine = ((40)) 15 points Served probation or Confined to home = ((20)) 30 points ((Confined to home = 40 points)) Served time in jail or prison = ((80)) 60 points	((80)) 60
	((5. Did you or your family member's incarceration keep you from getting employment?	5
	6. Did you lose your home or ability to purchase a home or rent a home as a result of your convictions or arrests?	5))
	((7.) 5. Is your household income less than the median household income within the state of Washington as calculated by the United States Census Bureau?	((40)) 45
	((8. Did you own or operate) 6. Owned a medical cannabis dispensary or collective garden, licensed as a business, prior to July 1, 2016 ((10 points?)) = 15 points ((or Did you own and operate)) Owned a medical cannabis dispensary or collective garden licensed as a business in a DIA ((30 points?)) = 30 points	((40)) ((30 in a DIA)) 30
	((9. Have you held or do you currently hold 51 percent majority/controlling interest of a state cannabis (marijuana) retailer license? No = 10 points Yes = 0 points)) 7. Applied during the HB 2870 social equity application window, qualified as a social equity applicant, but were not eligible to be issued a license	((40)) 15
	Total Maximum Points	((310)) 300 points

~~((ix) The social equity contractor will provide the board with a list of eligible and scored social equity applicants.~~

~~(x) Neither the social equity contractor nor its employees shall benefit from any license or licenses granted as a result of their review.~~

~~(d)(i) **Board review.** Social equity applicants that are scored highest by the social equity contractor within the county selected by the social equity applicant will be processed by the board.~~

~~(ii) In the event of a tie, the board will use a double blind lottery conducted by an independent third party to identify the application(s) that will be processed.) (c) **Preliminary score.** Upon initial assessment of the social equity program application materials, the social equity contractor will provide the registrant with a preliminary score, along with a comprehensive explanation of the score detailing the points allocated for each criterion.~~

~~(i) The registrant may submit additional documentation to potentially improve the final score. Documentation must be submitted in the form and manner specified by the social equity contractor no later than 21 calendar days after being provided the preliminary score.~~

~~(d) **Final score.** Prior to issuing the final score, the social equity contractor may adjust the registrant's preliminary score based on a review of any additional documentation provided. The social equity contractor will notify registrants and qualified social equity applicants of the final score and include a detailed explanation of the scoring decision.~~

~~(e) **Prioritization.** Qualified registrants with highest final scores will be prioritized by the social equity contractor to be included on the list of social equity applicants who are selected to apply for a social equity license.~~

~~(f) **Double-blind lottery.** If a tie should occur among qualified registrants with identical scores, a double-blind lottery will be used to prioritize the social equity applicants who may proceed with applying for a social equity license. The double-blind lottery will be conducted by a third-party contractor who is separate from the social equity contractor reviewing and scoring the application.~~

~~(g) **Conflict of interest.** It is a conflict of interest and violation of this chapter if the social equity contractor, the third-party contractor conducting the double-blind lottery, or employees of any contractor benefit from any social equity license granted under this section. Any conflicts of interest between a contractor and applicant or cannabis licensee may result in the denial of an application or a revocation of the cannabis license.~~

~~(7) **Board notification.**~~

~~((e)) (a) **Preliminary letter of approval.** Once the social equity applications that will be processed are identified as described in this section, eligible social equity applicants will be issued a preliminary letter of approval.~~

~~((4) **Additional provisions.**~~

~~(a) **Time restrictions.** There are no time restrictions for a social equity applicant to select and secure a location.~~

~~(b) **Ownership changes.** Social equity applicants may not make ownership changes to an application after the application has been reviewed, scored, and prioritized by the social equity contractor.) (b) **Withdrawal letter.** The board will issue a withdrawal letter notifying registrants that are not eligible to apply for a social equity license if:~~

~~(i) The social equity program application or additional materials are determined to be incomplete or incorrect by the social equity contractor;~~

~~(ii) The social equity program application materials are not received by the social equity contractor in a timely manner;~~

(iii) The social equity registrant is not qualified for the social equity program based on the determination made by the social equity contractor;

(iv) The social equity registrant is deemed qualified for the social equity program but did not score high enough to be prioritized, based on the score provided by the social equity contractor or the social equity registrant was not selected in a lottery to determine which registrants could move forward.

(v) The social equity registrant makes a voluntary request to the board, in writing, to voluntarily withdraw the social equity program application being reviewed and scored by the social equity contractor. The voluntary withdrawal of a social equity program application does not result in a hearing right.

~~((e)) (8) Social equity ((applicants may apply for a social equity)) license ((once per)) application ((window)). ((If a social equity applicant applies more than once, the board will accept only the first application.~~

~~(d) **License mobility.** Social equity licenses that are currently designated to specific cities may be located anywhere within the county in which the city is located. However, the license may not be transferred outside of that county.~~

~~(e) **Qualifying for the social equity program will not result in or guarantee cannabis business license approval.** Social equity applicants must meet all license qualifications in WAC 314-55-077 and this chapter to receive a license.) Once the board issues the preliminary letter of approval, selected applicants may submit social equity license application materials to the board. Qualifying as a social equity applicant does not guarantee the issuance of a social equity license.~~

(a) **Licensing requirements.** To qualify for a social equity license, applicants must meet the licensing requirements provided in this chapter, RCW 69.50.331, and RCW 69.50.335.

(b) **Location and financing.** There are no time restrictions for when a social equity applicant must select and secure a location and/or financing. Social equity registrants who applied under chapter 220, Laws of 2023, have been scored and prioritized pursuant to this section by the social equity contractor and have been selected to apply for a new social equity license may locate the initial licensed business to any city, town, or county in the state of Washington, one time only. Once the initial licensed location is established it may not be moved from the selected city, town, or county.

(c) **County threshold.** The board will establish license thresholds for each county to ensure there is an adequate amount of access to licensed sources of cannabis, cannabis concentrates, usable cannabis, and cannabis-infused products to discourage purchases from the illegal market. The board shall conduct a license threshold determination every three years, beginning July 1, 2029. In making its determination, the board shall consider market conditions, economic trends, demographics, and other relevant factors. County thresholds will be publicly posted and updated every three years and will be accessible to all stakeholders and the general public via the internet.

(d) **Retailer license mobility.** Effective January 1, 2026, social equity applicants, who applied under chapter 236, Laws of 2020, may change the initial business location from their currently allocated local jurisdiction under the following conditions:

(i) The qualifying licensee has not secured a location in the initial county where their license is allocated; and

(ii) Any relocation into a different county requires the qualifying social equity licensee to have received an application score which exceeds the lowest score awarded for successful applicants in the desired county.

(iii) The lowest scores awarded for successful applicants under chapter 236, Laws of 2020, by county will be posted online.

(e) **Local ordinance.** The board will substantially consider an objection from an incorporated city or town, or county for a proposed location of a social equity retail license if an ordinance limiting retail outlet density is in effect in the area prior to the board receiving the license application.

(f) **License transfer and assumption.** Licenses awarded under this section may not be transferred or assumed within the first year of the license being issued. After the first year and up to the fifth year from the date of the initial license approval, licenses awarded under this section may only be transferred to or assumed by individuals or groups of individuals who meet the ((definition)) qualifications of a social equity program applicant ((for a period of five years from the date of the initial license was approved)).

(g) **Appeals.** An applicant or licensee may request an administrative hearing to contest the withdrawal, denial, nonrenewal, or revocation of a license pursuant to chapter 34.05 RCW. A request for a hearing must be made in writing and received by the board no later than 20 days after the date the notification of withdrawal, denial, nonrenewal, or revocation was mailed to the applicant or licensee.

~~((5) **Social equity title certificate holders.**)~~ (9) **Title certificate holders.** A title certificate holder ((that meets the requirements of a social equity program applicant as determined by the social equity contractor may reinstate their retail cannabis license anywhere within the county that they hold their title certificate.

~~(6) **Application withdrawal.** The board will withdraw a social equity application if:~~

~~(a) The social equity program application or additional materials are determined to be incomplete or incorrect by the social equity contractor;~~

~~(b) The social equity program application materials are not timely received by the social equity contractor;~~

~~(c) The social equity applicant is not selected to continue with the licensing application process; or~~

~~(d) The social equity applicant(s) requests withdrawal of the social equity program application at any time in the application process. The social equity applicant(s) must request withdrawal in writing. The voluntary withdrawal of a social equity program application does not result in a hearing right.)~~ means a licensee who is unable to open for business in the city or county where the cannabis retail license was originally located due to a ban or moratorium.

(a) Title certificate holders that meet the requirements of a social equity applicant under chapter 220, Laws of 2023, may reinstate their existing license under the social equity program, and locate anywhere in the county where the cannabis retail license was originally located. To reinstate a license under the social equity program, title certificate holders must first register through the board to then submit application materials to the social equity contractor for an eligibility determination, as defined in this chapter and RCW 69.50.335. Scoring by the social equity contractor is not required as part of eligibility determination.

(i) Prior to submitting application materials to the board to reinstate the license under the social equity program, the title certificate holders must have an established business entity structure that has been approved by the board.

(ii) Individuals registering and submitting application materials for an eligibility determination, who are contributing to the required 51 percent ownership, may not be removed after the title certificate holder registers and submits application materials to the social equity contractor during the 30-day registration window.

(iii) An application to reinstate a license and application for a social equity license must be submitted to the board.

(iv) Neither a new location for the retail license in the county or financing are required at the time of the application to reinstate an existing cannabis license.

(v) Nothing shall prevent a title certificate holder from applying for a social equity license under chapter 220, Laws of 2023, in addition to reinstating a license under the social equity in cannabis program. Only social equity registrants receiving a score by the social equity contractor are eligible to be prioritized for a new license under this section.

(10) **Social equity plan reimbursement.** All cannabis licensees with an active license may submit a social equity plan, as defined in RCW 69.50.101, to the board for a one-time reimbursement that equals the cost of the licensee's annual cannabis license renewal fee, one per entity. The board will reimburse the licensee no later than 30 calendar days after the social equity plan has been received and verified.

(a) Reimbursements may only be provided to licenses that are currently operational, and not in the process of assumption, acquisition, or discontinuation of business activities.

(b) Social equity applicants or those who hold a social equity license are not required to pay a license renewal fee.