



House Regulated Substances Committee

December 5, 2023

LCB Cannabis Social Equity Program

Will Lukela, Director

Marc Webster, Legislative Director



Cannabis Social Equity Program

HB 2870 Background

- HB 2870 created a Social Equity in Cannabis Task Force to provide the LCB with recommendations on how to implement the program.
- The bill authorized the LCB to re-issue retail licenses to social equity applicants that have been forfeited, revoked, cancelled or not previously issued, which totals 46 licenses available for the program.
- The Task Force provided initial recommendations to the LCB in January 2022 and final recommendations were submitted in December 2022.
- The LCB began rulemaking, engaged with the community, stakeholders and organizations before adopting rules on October 12, 2022.



Cannabis Social Equity Program

Program Implementation

Rulemaking

Based on Task Force recommendations, implemented rules for the Social Equity Program

Collaboration

Worked with BLS to prepare for applications

Contracted with Ponder Diversity Group, an independent third-party, to review and score applications

Published Disproportionately Impacted Area (DIA) maps

Outreach

Hosted four educational webinar training sessions

Coordinated with Commerce to produce instructional videos

Notified WA cities and counties about program

Maintained LCB website, sent public notifications



Cannabis Social Equity Program

Application Overview

- Application Window: March 1, 2023 - April 27, 2023
 - Approximately 500 applications were received
- All applications were sent to Ponder Diversity Group (PDG), third-party contractor, in May 2023.
- PDG's role was to review the application and supporting documentation to determine which applicants met the criteria for the program.
- PDG completed their review of all social equity applications within 90 days.
- Double-blind lotteries were held for 2 counties where applicants received a tie in score.
- The LCB notified all applicants on their application status within next two weeks.



Cannabis Social Equity Program

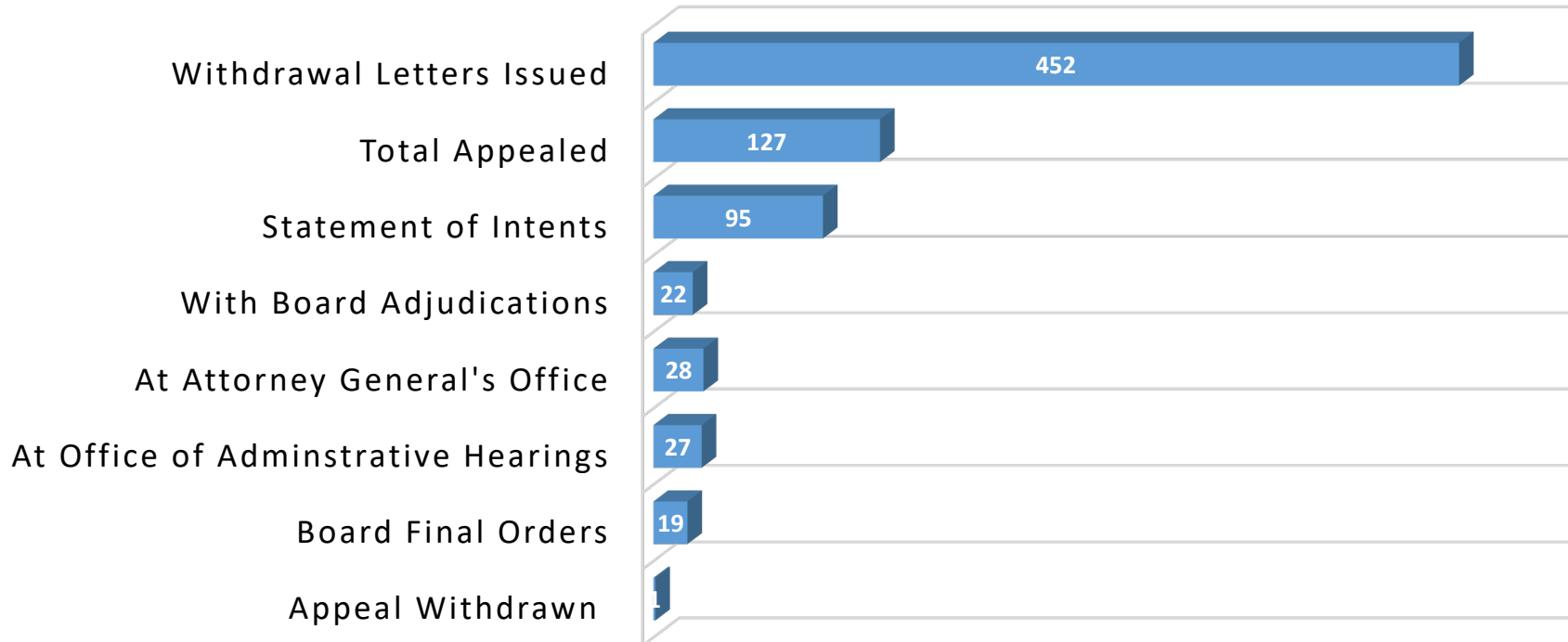
Requests for Appeals

- Applicants have the right to request a hearing if they do not agree with the decision.
- The LCB is required to follow the appeal process in accordance with the Administrative Procedures Act.
- To date, we have received 127 requests for a hearing.
- On average it takes an applicant 25 to 30 days to receive their administrative file from Public Records.
- Through the appeal reviews completed by the Assistant Attorney General's, we are learning areas of the process that we can improve during the next social equity application window. These include: a) clarifying the application process and what documentation is needed, b) including more specifics in the Statement of Intent so applicants get a better picture of why their application didn't make it through, and c) clarification of the appeal process.



Cannabis Social Equity Program

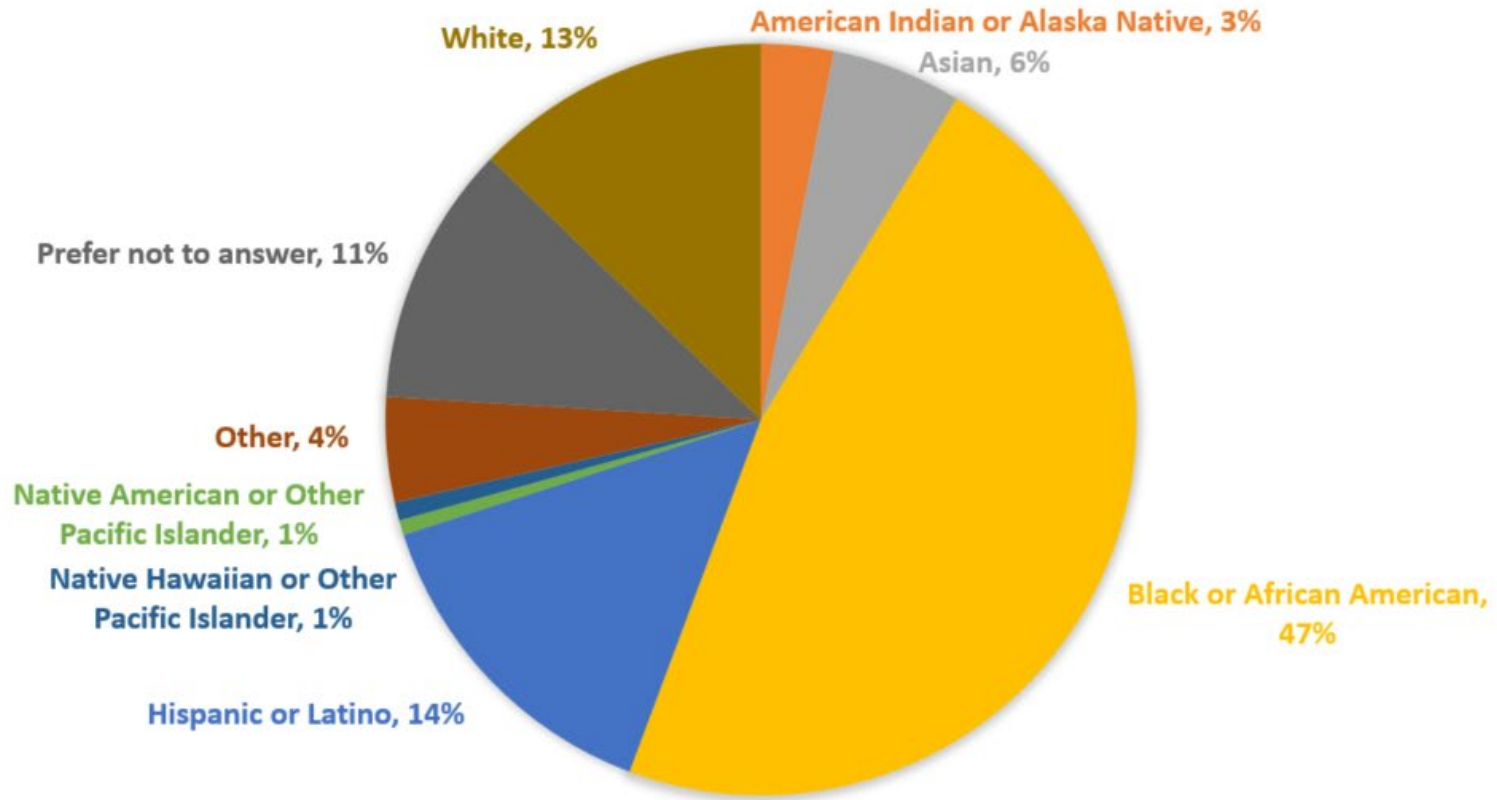
Application Appeals Status Overview





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Application Demographics





Cannabis Social Equity Program

Applications in Process

- Recently held a live webinar to introduce the team, provide an overview of next steps, share the licensing application process, and conduct a survey of readiness.
- A Social Equity Case Manager assists applicants with:
 - Technical Assistance
 - Resources
- A Licensing Specialist assists to ensure applicants meet licensing requirements:
 - Including but not limited to, verifying location, financing, completing an operating plan, and criminal history forms.

Applicant Challenges:

- Finding a location
- Funding



Cannabis Social Equity Program

Improving and Expanding the Program

- 2023's E2SHB 5080 directs the LCB to expand the program and authorizes the agency to issue: 52 retailer, 10 producer/processor and 100 processor licenses.
- The LCB is seeking ways to improve the program:
 - Lessons Learned sessions
 - Community feedback
- In progress:
 - Rulemaking
 - Disproportionately Impacted Areas Map
 - Social Equity Applicant Qualifications
 - Social Equity Contractor RFP (Request for Proposal)
 - Dedicated Staff



Washington State Liquor and Cannabis Board

Questions?