



DEDICATED TO THE ADVANCEMENT OF A VITAL, ETHICAL, EQUITABLE, AND SUSTAINABLE CANNABIS INDUSTRY

www.thecannabisalliance.us

My name is Caitlein Ryan, and I am the Executive Director for The Cannabis Alliance. We are the largest member-based industry association in Washington, dedicated to advancing a vital, ethical, equitable, and sustainable cannabis industry. We have been engaged with traceability changes since the very beginning, serving on work groups and acting as both organizers and participants in industry-led solutions during times of transition. I am writing to address the need for urgent improvements to Washington State's cannabis tracking system, CCRS, and to propose a sustainable path forward that avoids the risks and costs of outsourcing to an external vendor.

Recent audits have highlighted that the Cannabis Central Reporting System (CCRS) is currently unable to meet Washington's regulatory needs effectively. Initially introduced as a temporary solution after previous systems proved unsustainable, CCRS has become the primary tool for tracking cannabis across the supply chain. Although the audit suggests that CCRS was intended only as a stopgap and that failure to implement a permanent solution reflects project management challenges, the Liquor and Cannabis Board (LCB) initially presented CCRS as a self-reporting system that, with incremental improvements, could fulfill long-term tracking requirements. Unfortunately, without the necessary enhancements, CCRS now has critical gaps that hinder both effective regulation and overall functionality.

Given the current deficiencies, there is interest in exploring external vendors, including Metrc, as a possible replacement for CCRS. However, outsourcing the tracking system to an external vendor comes with several risks that could compromise the state's ability to maintain an adaptable, transparent, and responsive system in the long term.

Historically, outsourced tracking systems have been met with difficulties due to complex procurement processes, lack of industry-specific functionality, and limited adaptability to Washington's unique cannabis landscape. Additionally, such systems often lead to substantial implementation costs, lengthy timelines, and challenges in aligning vendor capabilities with the evolving needs of our state's cannabis market. Moreover, transitioning to an external vendor creates dependencies on third-party software, which can make it harder for Washington to adjust the system as regulatory and industry requirements evolve. Outsourcing could also

introduce additional costs to businesses, especially smaller operators, who may struggle with the increased fees associated with vendor-based systems like Metrc.

In light of these challenges, we believe it would be a more sustainable and cost-effective solution to address the CCRS limitations through comprehensive data aggregation enhancements, using a state-owned, centralized system. This approach leverages existing infrastructure while adding essential capabilities to address current data tracking gaps.

The Cannabis Alliance strongly recommends focusing on enhancing the current CCRS system through comprehensive data aggregation rather than pursuing a costly, high-risk vendor contract. A data aggregation model within CCRS could address many of the key issues identified by recent audits and provide an efficient, state-owned solution tailored to Washington's unique needs.

A data aggregation approach would offer several advantages:

1. **Improved Data Accuracy and Real-Time Validation:** Integrating real-time data validation features within CCRS would help catch errors at the point of entry, significantly reducing the likelihood of discrepancies. This approach would enhance the reliability of inventory data, aiding both enforcement officers and industry stakeholders.
2. **Unique Product Tracking from Seed to Sale:** By adding a unique identifier feature, CCRS could better support seed-to-sale tracking, improving traceability and making it easier to manage recalls if necessary. This enhancement aligns with best practices recommended by regulatory bodies and would support Washington's commitment to public safety.
3. **Cost-Efficiency and Control:** Enhancing the existing CCRS system allows Washington to avoid the significant costs associated with procuring, implementing, and maintaining a new vendor-based system. Maintaining control over CCRS enables the state to adapt more flexibly as regulatory requirements change, avoiding the delays and costs associated with coordinating changes through an external vendor.
4. **Reduced Burden on Licensees:** By refining CCRS, we can avoid the additional costs and complexities often introduced with vendor systems, especially those that may require separate fees or specific software integration. This approach is particularly beneficial for smaller cannabis businesses that may otherwise struggle with the costs associated with a vendor-based system.
5. **Immediate Incremental Improvements:** Unlike waiting until 2031 for a full replacement system, an enhanced CCRS could allow for phased improvements in real time. This phased approach would allow Washington to make crucial upgrades now, addressing immediate regulatory gaps while planning for more comprehensive updates in the future.

We believe that enhancing the existing CCRS system through comprehensive data aggregation offers a practical, cost-effective, and sustainable solution to address the tracking challenges facing Washington's cannabis industry. This approach allows Washington State to maintain control over critical data infrastructure, supports industry compliance, and upholds public safety, all while avoiding the high costs and long timelines associated with external vendors.

The Cannabis Alliance is fully committed to supporting Washington's efforts to create a safer and more transparent cannabis market. We believe that the state has the capacity to build upon CCRS's existing framework to create a robust and resilient tracking system that meets the needs of both regulators and licensees. We appreciate the committee's attention to this matter and stand ready to support further discussions on how best to implement these recommendations.

Thank you for your time and consideration. Please reach out with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Caitlein Ryan', with a long horizontal flourish extending to the right.

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