



PETITION FOR ADOPTION, AMENDMENT, OR REPEAL OF A STATE ADMINISTRATIVE RULE

Print Form

In accordance with [RCW 34.05.330](#), the Office of Financial Management (OFM) created this form for individuals or groups who wish to petition a state agency or institution of higher education to adopt, amend, or repeal an administrative rule. You may use this form to submit your request. You also may contact agencies using other formats, such as a letter or email.

The agency or institution will give full consideration to your petition and will respond to you within 60 days of receiving your petition. For more information on the rule petition process, see Chapter 82-05 of the Washington Administrative Code (WAC) at <http://apps.leg.wa.gov/wac/default.aspx?cite=82-05>.

CONTACT INFORMATION *(please type or print)*

Petitioner's Name Vicki Christophersen
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COMPLETING AND SENDING PETITION FORM

- Check all of the boxes that apply.
- Provide relevant examples.
- Include suggested language for a rule, if possible.
- Attach additional pages, if needed.
- Send your petition to the agency with authority to adopt or administer the rule. Here is a list of agencies and their rules coordinators: <http://www.leg.wa.gov/CodeReviser/Documents/RClist.htm>.

INFORMATION ON RULE PETITION

Agency responsible for adopting or administering the rule: _____

1. NEW RULE - I am requesting the agency to adopt a new rule.

The subject (or purpose) of this rule is: _____

The rule is needed because: _____

The new rule would affect the following people or groups: _____

2. AMEND RULE - I am requesting the agency to change an existing rule.

List rule number (WAC), if known: WAC 314-55-035 Qualifying for a cannabis license.

I am requesting the following change: See attached

This change is needed because: See attached

The effect of this rule change will be: See attached

The rule is not clearly or simply stated: _____

3. REPEAL RULE - I am requesting the agency to eliminate an existing rule.

List rule number (WAC), if known: _____

(Check one or more boxes)

It does not do what it was intended to do.

It is no longer needed because: _____

It imposes unreasonable costs: _____

The agency has no authority to make this rule: _____

It is applied differently to public and private parties: _____

It conflicts with another federal, state, or local law or rule. List conflicting law or rule, if known: _____

It duplicates another federal, state or local law or rule. List duplicate law or rule, if known: _____

Other (please explain): _____

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Petition to Washington State Liquor and Cannabis Board: Introducing Employee Stock Ownership Plans (ESOPs) for Cannabis Businesses

This petition seeks to amend WAC 314-55-035 to (1) specifically contemplate cannabis businesses providing stock in their companies to their employees through Employee Stock Ownership Plans (ESOPs) and (2) establish who in a licensed business with an ESOP must be vetted as a “true party of interest.” Cannabis entrepreneurs should have the option of establishing an ESOP. Allowing Employee Stock Ownership Plans (ESOPs) as a viable option for cannabis businesses that brings new opportunities for both business owners and their valued employees.

Stock ownership is offered as a meaningful employee benefit in a variety of industries and could similarly be offered to cannabis employees. In addition to competitive salaries and comprehensive benefits, ESOP companies provide employees with unique wealth-building opportunities through stock ownership. This ensures that employees not only share in the success of the company but also have a pathway to financial security and prosperity. Stock ownership makes employees feel more a part of the success of the business and motivates performance.

ESOPs also benefit the companies that offer them. They serve as catalysts for enhanced employee engagement, paving the way for heightened productivity, innovation, and retention, all of which are vital for fostering superior business performance and sustainable growth. They also allow cannabis businesses to compete for talent in the workforce that may have a path to stock ownership in other industries.

Under the current rule, every employee with stock under an ESOP—no matter how small the percentage of ownership—would need to be vetted. This is simply impractical for the business, the employees, and the LCB. Therefore, who is a “true party of interest” must also be revised. The LCB can still ensure that the actual people that control the company—i.e., the larger shareholders and board/officers—are properly vetted and licensed.

The introduction of ESOPs for cannabis businesses represents a transformative opportunity to empower employees, foster job satisfaction, and promote long-term stability for cannabis businesses that choose to offer them. This can be accomplished with simple changes to the

WAC while still preserving the integrity of true party of interest provisions and the LCB's licensing mandate and processes.