



WACA 2023 LEGISLATIVE AND REGULATORY AGENDA

The Washington Cannabis Business Association (WACA) engages each year [in a process](#) focusing WACA's attention for the upcoming legislative session.

Defer Unused Producer Licenses and Open Access to Capital

Of the thirty-eight states with some form of regulated cannabis system, only Washington and Alaska restrict investment to in-state residents – a barrier not faced anywhere else in the country. For the sixth year, WACA supports easing restrictions on capital investment for local businesses in order to facilitate opportunities for licensees to manage their business with the same tools as every other industry, and in every other legal cannabis marketplace in the lower 48. Hand-in-hand with access to capital, which is long overdue, is the necessity to uphold limits on producer (grower) licenses to ensure that enough product is grown to support the Washington State market, but not to overwhelm it. When Washington finally joins its peers in acknowledging the importance and normalcy of investment, it can do so and still protect local businesses and the sector by ensuring that hundreds of long-dormant producer licenses cannot suddenly be snapped up and unleashed. This would be a real threat to Washington-based licensees, as access to capital represents progress empowering Washington-based businesses with meaningful economic opportunity. However, out-of-state resources uncoupled from limitations on unused producer licenses would upend the local market. Until there is an easing of federal restrictions that allows interstate commerce, it is important to defer unused producer licenses so that local cannabis growers remain viable.

Respect Consumer Preference for LOW THC Products

Retailers are currently limited in the amount of product that they can sell in a single transaction. Limits established in I-502 were aimed at *smokable* products (e.g. joints), and mirrored rules of the Controlled Substances Act. As regulated product offerings have evolved to include THC-infused beverages, fluid ounce limitations prevent development of *low THC* options because the THC:beverage ratio is held in place by rules that don't reflect the variety and formulation of what is actually available. Today, adult consumers can precisely determine the amount of THC they prefer – including when that is a low amount. WACA supports updating the law to respect consumer preferences and will work to update transaction limits to allow the sale of low THC beverages.

Consistent Compliance, Local Control

Under state law (RCW 69.50.369 Sec (2)) regulated cannabis businesses are limited to a total of two signs (maximum 1600 sq. inches) that are permanently affixed to a building or other structure on the licensed premises. While well-intended, inconsistent enforcement across the state is an unnecessary challenge for the industry and the regulator alike. WACA supports legislation that would remove this state regulatory condition and instead defer to local laws and requirements when it comes to basic signage.

Forensic Accounting in Traceability Data

The entirety of the regulated market agrees that the illicit market is a significant hurdle when it comes to public safety, the stability of the legal marketplace, and the ongoing stigma on cannabis. WACA supports the allocation of resources for increased enforcement dedicated specifically to forensic-like evaluation of traceability data submitted to the Washington State Liquor Cannabis Board (WSLCB), as well as the formation of a multi-agency task force to share information, realistically determine the breadth of illicit activity and develop collaborative solutions.

Evaluate Industry Sustainability

As a closed market, cannabis license-holders are limited to selling their products within Washington and other than normal population growth, market demand is limited. WACA supports legislation requiring the LCB to conduct a sustainability review for presentation to the legislature that prior to the legislature authorizing additional licenses. Relatedly, state legislators should reaffirm their authority to issue additional licenses, when/if appropriate.

Cannabis as a Crop, not a Crime

The cannabis plant, and cultivation of cannabis, is an agricultural activity drawing on the expertise of farmers and agricultural engineers. As with other agricultural crops the regulation of cannabis cultivation should draw upon the expertise of the Washington State Department of Agriculture (WSDA). WACA supports legislation to create a task force charged with making recommendations on transitioning the regulation of cannabis production to the WSDA.

Normalize Transactions with Net Terms

Currently every business to business transaction in cannabis is cash-on-delivery. In addition to the challenges created by the necessity of large amounts of cash on hand for payments, the lack of options for normal transactions between businesses upholds a dated stigma on a heavily regulated industry. WACA supports legislation allowing for limited net terms (no more than 15 days) on transactions between producers, processors, and retailers to provide flexibility to small businesses managing cash flow that would help streamline and make accounting procedures more accurate.

Environmental considerations in cannabis: Incentives for Green Packaging

Environmental considerations are a part of large swaths of policymaking, cannabis is no exception. WACA supports both rulemaking and legislation that would create incentives for producers and processors that use green packaging.

Environmental considerations in cannabis: Reuse Cannabis Plant Waste

Understandable concerns that plant waste containing THC must be tightly controlled underlies current requirements that all plant waste be destroyed. For plant waste that does not contain THC (stems, plant material left after processing) WACA supports rulemaking and legislation that would allow licensees to sell plant waste outside of the regulated system for reuse in products like rope, fabric, and other commodities. Additionally, WACA supports allowing plant waste to be disposed of or composted consistent with local jurisdiction solid waste regulations.

10-Year Check-Up: Regulatory System Updates

WACA will collaborate with elected officials and the WSLCB to ensure the regulatory framework reflects the maturity of the industry and streamlines regulatory oversight and business processes including but not limited to:

Update	System Flaw	Recommended Update
Waste Disposal Requirements	Waste disposal requirements are overly restrictive for a product that has little THC including a quarantine period that is required before the waste can be disposed of.	Relax waste disposal requirements for producers/processors based on evaluation of whether the current quarantine requirement for waste is necessary to prevent diversion.
Sampling Rules	Sampling regulations are unreasonably restrictive and have not been updated since the regulated industry was in its infancy.	Update sampling rules at all levels so that processors don't have to create entirely distinct product lines, including out-of-norm packaging/sizes, in order to provide information that builds a knowledge base that supports customers.
Returned Product	Currently regulations require all product that is returned by the retailer to the producer or processor to be destroyed.	Update this rule to allow returned products to be reused or made into new products as long as the product has not been opened or altered.
Record Keeping Requirements	Retailers are currently required to keep a log visitor log for over five years.	Update rules so that retailers can store this information digitally or reduce the amount of time they have to store this information.
Processing Arrangements	Current regulations require strict arrangements for business-to-business transactions so that product and money shifts inefficiently back and forth every time product moves from one licensee to the other.	Update the rules to allow for more flexible processing arrangements.
Product on Hand	Current rules limit licensees to no more than six months' of product even though some products are shelf stable for over a year.	Update rules to remove this arbitrary limitation.
Streamline Security Surveillance Requirements	No one disputes the need for robust security systems in cannabis businesses. But current surveillance requirements - such as the number of cameras required - are overly burdensome.	Update the requirements mandating the number of security cameras in production facilities and the required time a licensee must store video surveillance physically on the premises to reflect and support real-world enforcement practices.