

From: Vicki Christophersen [REDACTED] 
Subject: HB 2022- Social Equity in Cannabis- Amendment Suggestions
Date: February 9, 2022 at 10:13 AM



Good morning,

The purpose of this email is to offer amendment suggestions for HB 2022. Specifically, the Washington Cannabis Business Association (WACA) is hopeful that the goal of advancing social equity in cannabis at the heart of this bill can be achieved while also upholding a safe, quality-controlled, and fully regulated market in Washington. As background to this email, I have attached two previous communications from our members regarding this important work.

To date, WACA has registered our position on HB 2022 as “other,” while every other organized group of cannabis stakeholders has chosen either a “pro” or “con” position. At this stage in the legislative process, we believe a pro/con posture on this bill is a disservice to the gravity and complexity of pursuing social equity. Like many other intricate policy issues, social equity in cannabis should be honed through the legislative process so that the result is meaningful. As other states have attempted to address critical social equity issues, we can learn what has been effective, and what hasn't.

Washington needs to get this right. Washington, by nature of being the first to create a legal cannabis marketplace, is playing catch-up in addressing social equity. States that followed Washington have learned from our omission in the consideration of social equity from the outset and today, we should not forgo the opportunity to learn from *their* experiences. What is working? What is not working? What are the outcomes and how can policy best be crafted in pursuit of those outcomes?

We have appreciated the collaborative approach by your colleagues to adopt substitute language in committee to retain distance requirements in cannabis licensing. We also appreciate the consideration in the substitute bill regarding license mobility, though we remain concerned that the current language still fails to recognize the methodology used for license location that has respected local control and avoided a cannabis shop on every corner.

This email offers amendment suggestions to strengthen this proposal. As an industry that is still regularly viewed through a lens of comedy or crime, it is disheartening that policy proposals contained in the current version of HB 2022 have yet to be revised so that they are in alignment with existing legal precedent *and* the state constitution. We should not settle for a moral victory found in passing legislation; we should relentlessly pursue policies that will make long-term positive outcomes for social equity in cannabis in Washington.

WACA evaluates all policies put before our members through a lens of safety and quality-control first, and then through an analysis which contemplates the landscape in which our members are competing and the state of the industry that can be shaped by public policy. These suggestions for HB 2022 are provided to address the impacts of a proposal based on the entirety of the regulated system – *including anticipated new social equity entrants* – and whether it can withstand popular but poorly understood ramifications of bills like HB 2022.

- **Retail licenses.**

- Redistribute revoked, suspended, and forfeited retail licenses to social equity applicants
 - In 2017 the legislature passed SB 5131 which contained provisions that required the LCB to adopt rules to establish a license forfeiture process for a licensed cannabis retailer that is not fully operational to the public within a specified amount of time. In 2020 the legislature passed HB 2780 which gave the LCB the authority to issue or reissue any retail license that had previously been forfeited, suspended, or revoked to social equity applicants. **Two years later, those licenses have yet to be issued.** WACA recommends that those licenses be issued without further delay. **Proposal: Insert language in HB 2022 that requires these currently available licenses to be issued in an expedited manner.**

- Use census data to determine the number of new retail licenses that the market can support and that will also prevent proliferation of cannabis stores

- When the number of retail licenses was originally determined, a formula was used based on population to determine the amount of stores each jurisdiction could support, without a cannabis shop on every corner. This method recognized the need for an appropriate market while recognizing community concerns about too many stores.

- The 2020 census data is now available and can be used to analyze population growth and how many stores could be supported in our communities. The reality is that the marketplace already struggles with its regulatory body and with competition. Even if your view on HB 2022 is that it sets up a “sink or swim” environment for hundreds of new license-holders, the reality is that those with the deepest pockets will prevail, something we view as counter to what the Task Force intended to begin with.

- **Proposal: Replace language in HB 2022 that requires issuance of 38 new retail licenses per year for 7 years (266 new retail stores) with language that requires the WSLCB to utilize the same methodology used previously but now based on 2020 Census data to determine the number of new stores and issue those to social equity applicants.**

It is our understanding that this analysis would likely yield a total of about 50 new stores.

- **Producer/Processor licenses**

- There are many dormant producer, processor, and producer/processor licenses in Washington right now that have not reported any activity in years. In fact, a quick search on web sites like Craigslist, reveals that many of these licenses are available for a fraction of their original value. Issuing new licenses as is contemplated in HB 2022 will only exacerbate this reality.

- **Proposal: Replace language in HB 2002 that requires issuance of 25 new licenses each year for 7 years (175) with language that requires WSLCB to revoke licenses that have not reported activity for more than 2 years and re-issue those licenses to social equity applicants.**

- **Financial Assistance**

- HB 2022 establishes policy promising public money distributions to qualified social equity applicants. Unfortunately, the bill fails to acknowledge that the [Washington State Constitution](#) does not allow public money to be given to private entities.
- **Proposal: Replace the grant program with a low interest revolving loan fund for qualified social equity applicants. This would serve the same function in pursuit of the same desired outcome without the inevitable legal challenges created by existing language.**

WACA was established in 2014, following the passage of Initiative 502. We remain steadfast on the principles expressed in the position paper we developed last year and believe there are tendrils of opportunity represented in HB 2022 that should be pulled forward to address systemic inequity without inadvertently undermining the regulations undergirding the marketplace in Washington. We have attempted to engage in good faith on behalf of a healthy, well-regulated industry that benefits the entirety of the community in cannabis. Given the velocity with which the global industry is chasing Washington, we must do all we can to position Washington's cannabis businesses for all that's ahead.

I am available if you have any questions and would love to discuss these ideas if you are interested.

VC

<https://mjbizdaily.com/californias-marijuana-social-equity-programs-not-living-up-to-goals-report-says/>

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