



Cannabis Key Topics and National Trends

for House Commerce & Gaming Committee

Liquor and Cannabis Board (LCB)

Dec. 2, 2022



Topics and Presenters

- LCB authority regarding synthetically-derived cannabinoids from hemp
 - Justin Nordhorn, Director of Policy and External Relations
- Update on cannabinoid products enforcement
 - Chandra Wax, Director of Enforcement and Education Division
 - Josh Bolender, Captain
- 2023 agency request legislation (interim process)
 - Kathy Hoffman, PhD, Policy and Rules Manager
- 2023 agency request legislation (proposal)
 - Justin Nordhorn, Director of Policy and External Relations
- National trends and actions/efforts in other states
 - Gillian Schauer, PhD, MPH, Executive Director of CANNRA



Liquor and Cannabis Board Authority

Regulation and Rulemaking	Cannabis	Hemp
Production	✓	✗
Processing	✓	✗
Retail Sales	✓	✗
Transportation	✓	✗
Serving Size	✓	✗
Packaging and Labeling	✓	✗
Advertising	✓	✗
Laboratory Testing and Product Safety Standards for Products Used Manufacture of Cannabis Products	✓	✓
Licensing	✓	✗
Criminal Investigation Authority	RCW 69.50	RCW 15.140
	✓	✗



Enforcement and Education

Chandra Wax - Director

Update on enforcement regarding cannabinoid products

A. Overview on Enforcement Bulletin 22-01 and related agency actions

Josh Bolender – Captain

B. Report on Synthetic THC extraction case



Enforcement Bulletin 22-01 (May 2021)

Purchase or sale of synthetic THC, including hemp-derived delta-8 THC

Clarified Existing Rules for Regulated Marketplace

- Retailers may not knowingly purchase products which contain delta-8 THC converted from CBD, or other forms of synthetic THC, nor may retailers sell such products to consumers.
- Manufacture, distribution, possession, or sale of synthetic THC is a violation of a liquor license for engaging in criminal conduct.
- Sale or distribution of synthetic THC could result in the suspension or revocation of a liquor license.

Education of Licensees to Achieve Compliance

- The Enforcement and Education team approached this from an education-first perspective in order to help licensees achieve compliance.



Synthetic THC Manufacturing Case

- In June 2021, LCB received multiple complaints alleging that a licensed cannabis processor was manufacturing synthetic THC
- LCB Officers investigated the complaint allegations revealing:
 - The licensee was engaged in the large-scale synthesizing of hemp-derived CBD into THC (both delta-8 and delta-9 THC)
 - Carcinogenic chemicals were being used
 - Traceability data were being manipulated
- Manufacturing synthetic THC is both an administrative violation of the cannabis license as well as a criminal violation (WAC 314-55-110 and RCW 69.50.401)



GEMS Machine



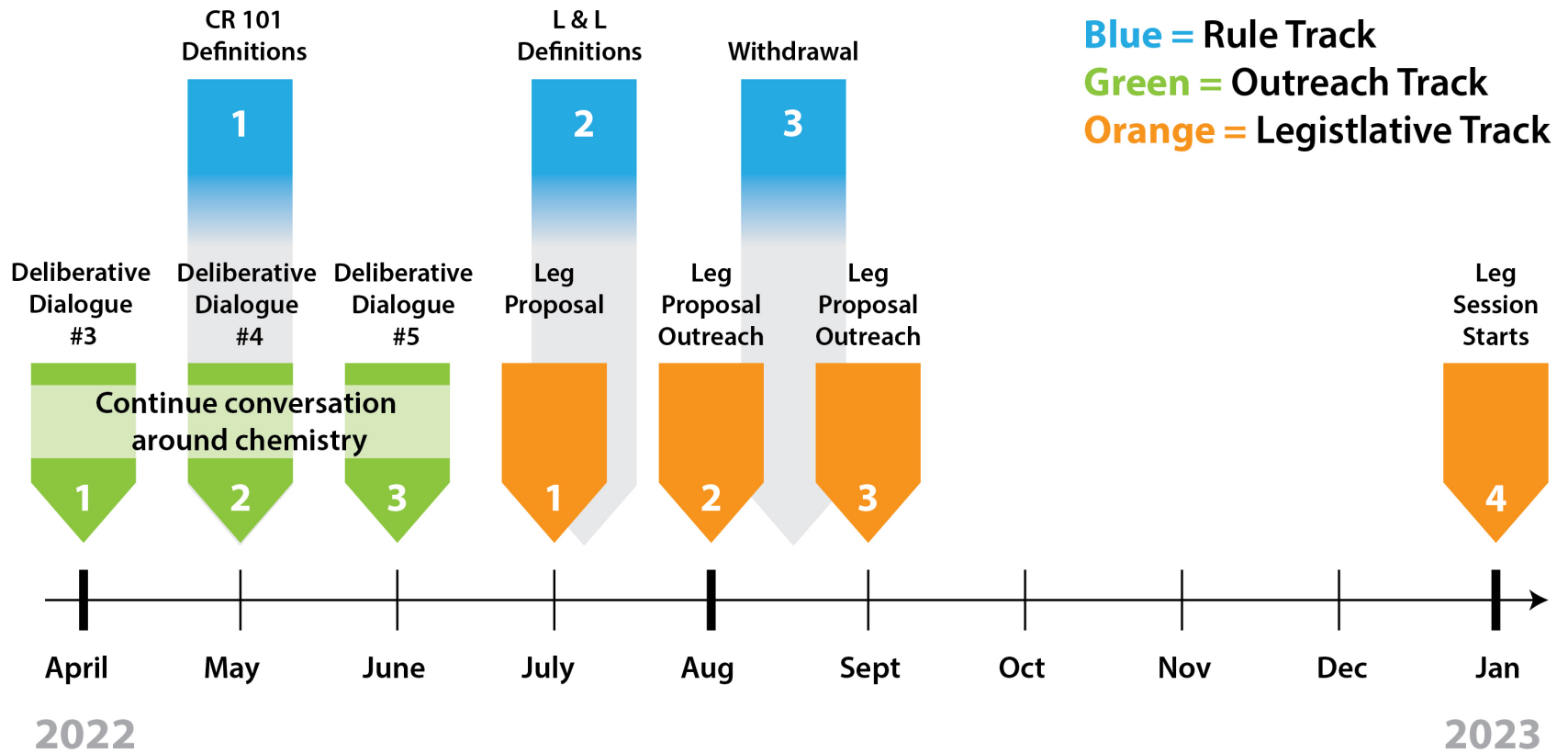


Criminal Seizures of Synthetic THC

- Synthetic THC is a Schedule I Controlled Substance
 - Synthetic THC does not generally meet the definition of cannabis
 - Manufacturing synthetic THC is outside of the safe harbor created by a cannabis license
- LCB Officers seized 852 pounds of synthetic THC from processor (criminal seizure)
- LCB Officers seized hundreds of additional pounds of synthetic THC that had been sold to other cannabis licensees across the state



Interim Policy, Outreach and Rule Development Timeline Concerning Regulation of THC Products





Listen & Learn Outcomes

We learned:

- Definitions cannot be expanded in rule based on lack of statutory direction;
- Words such as “concentrate,” “extract,” and “distillate” appear to be applied interchangeably in practice;
- Concerns regarding potential regulatory over-reach of cannabis concentrates produced and sold in the I-502 system; and
- Confusion exists between regulatory authority of hemp-derived and cannabis products.



Deliberative Dialogue Outcomes

We learned:

- The science is unsettled about “what is” and “what is not” impairing or intoxicating beyond what we know about alcohol.
- Creating a chemical framework concerning “what is” and “what is not” impairing or intoxicating depends on a variety of individual physiological and other factors.



Deliberative Dialogue Conclusions

Conclusions

- **Bring all cannabinoids** produced for human consumption falling within a certain THC threshold under the same regulatory authority
- **Focus on risk** rather than impairment or intoxication
- **Create a scientific workgroup** to better understand cannabinoids



Agency Request Legislation

- **2022 agency request legislation**
 - Broad, complex, and encompassed several aspects of the cannabis industry
- **2023 agency request legislation**
 - Has a primary focus of youth access for all THC products
 - Aims to better define products containing any type of THC
 - Creates age restrictions for products defined as cannabis
 - Aims to provide clarity to businesses in the open market on what products are legal to sell



Agency Request Legislation

- THC is commonly known to get a person “high”
- THC products, other than delta-9 THC, have been sold in a general market place without restriction
- LCB received concerns related to youth access
- Availability occurs in physical stores and online



2023 Legislation: Key Elements

Adds to Title 15.140 RCW a definition of the term “**hemp consumable**”

- Focuses on differentiating cannabis and hemp end products
- Creates a distinct threshold for the determination
 - No more than 1 milligram THC concentration of per unit
 - No more than 3 milligram THC concentration of per package



2023 Legislation: Key Elements

Definitions

- **“Cannabis”** is clarified to specify that dry weight basis is only during the growing cycle through harvest.
- **“Cannabis products”** is amended to include any product that has a THC concentration of:
 - More than one milligram THC per unit;
 - Three milligrams per package of product.
 - Explicitly excludes “hemp consumable” products and cannabis health and beauty aids.
- **“THC concentration”** is amended to refer to any form of THC, not just delta-9 THC



2023 Legislation: Key Elements

- **Incorporates consumer protection**
 - Requires any synthetically-derived CBD in a cannabis product be disclosed on the label; and
- **Incorporates clear licensing requirements**
 - Prohibits any person from manufacturing, selling, or distributing cannabis products without a valid license issued by the LCB or Pharmacy Quality Assurance Commission.