



Washington State Liquor and Cannabis Board

Cannabis License Ownership & Social Equity Update

Senate Labor & Commerce

February 10, 2025



Washington State Liquor and Cannabis Board

Presentation Overview

- **Cannabis License Ownership**
 - License data
 - True Parties of Interest
 - Licensee Demographics
- **Cannabis License Contracts**
 - Enacted legislation
 - Types of Contracts
 - Contract Review Process
- **Social Equity Update**
 - Senate Bill 2780
 - Applicant Statuses
 - Outreach
 - Support
 - Future Application Process



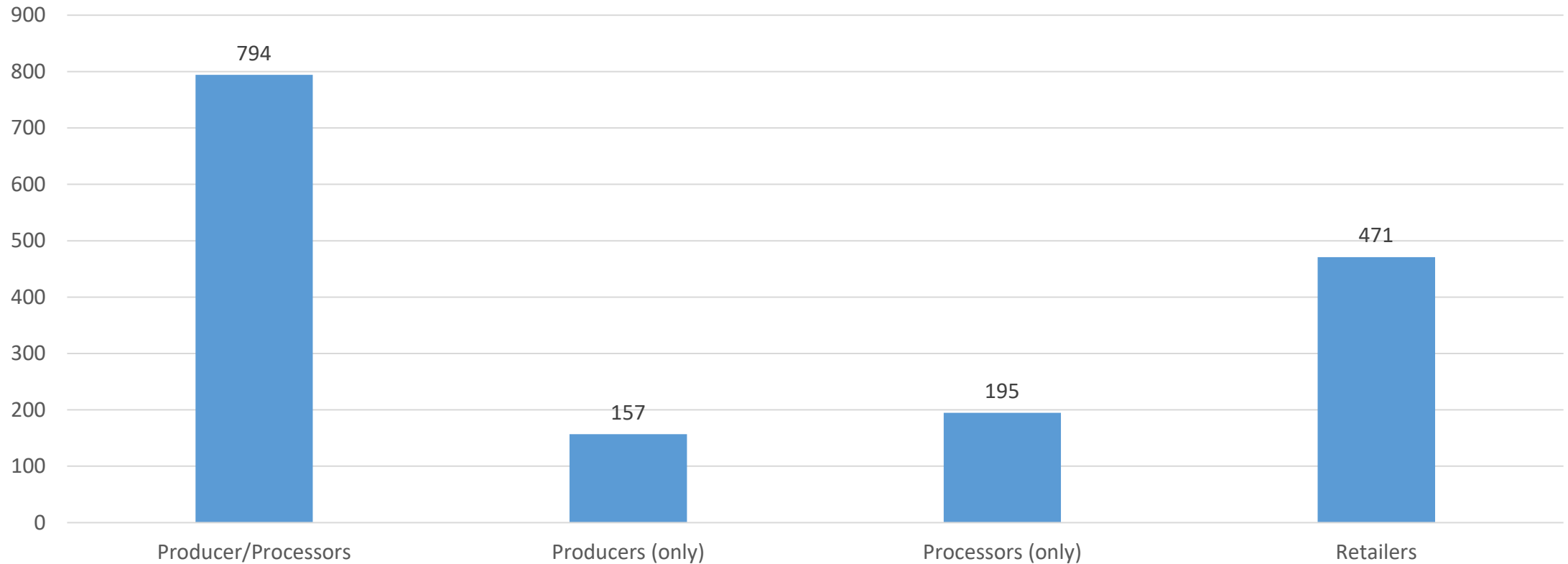
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Cannabis License Ownership



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Licensed Cannabis Businesses



Data from February 2025



True Parties of Interest

Per WAC 314-55-035, a cannabis license must be issued in the name(s) of the true party(ies) of interest. For purposes of this rule:

- An investigation is completed on all individuals who hold an interest in a cannabis business, regardless of their percentage of ownership or any person who exercises independent control over the business. This would include, but is not limited to:
 - A background check;
 - Verification of in-state residency;
 - A review of financial documents;
 - Verification of any ownership in other cannabis businesses.
- A business entity or individual contributing money to the business must also have an investigation completed except for residency due to out of state financiers being permitted.



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True Parties of Interest, Cont.

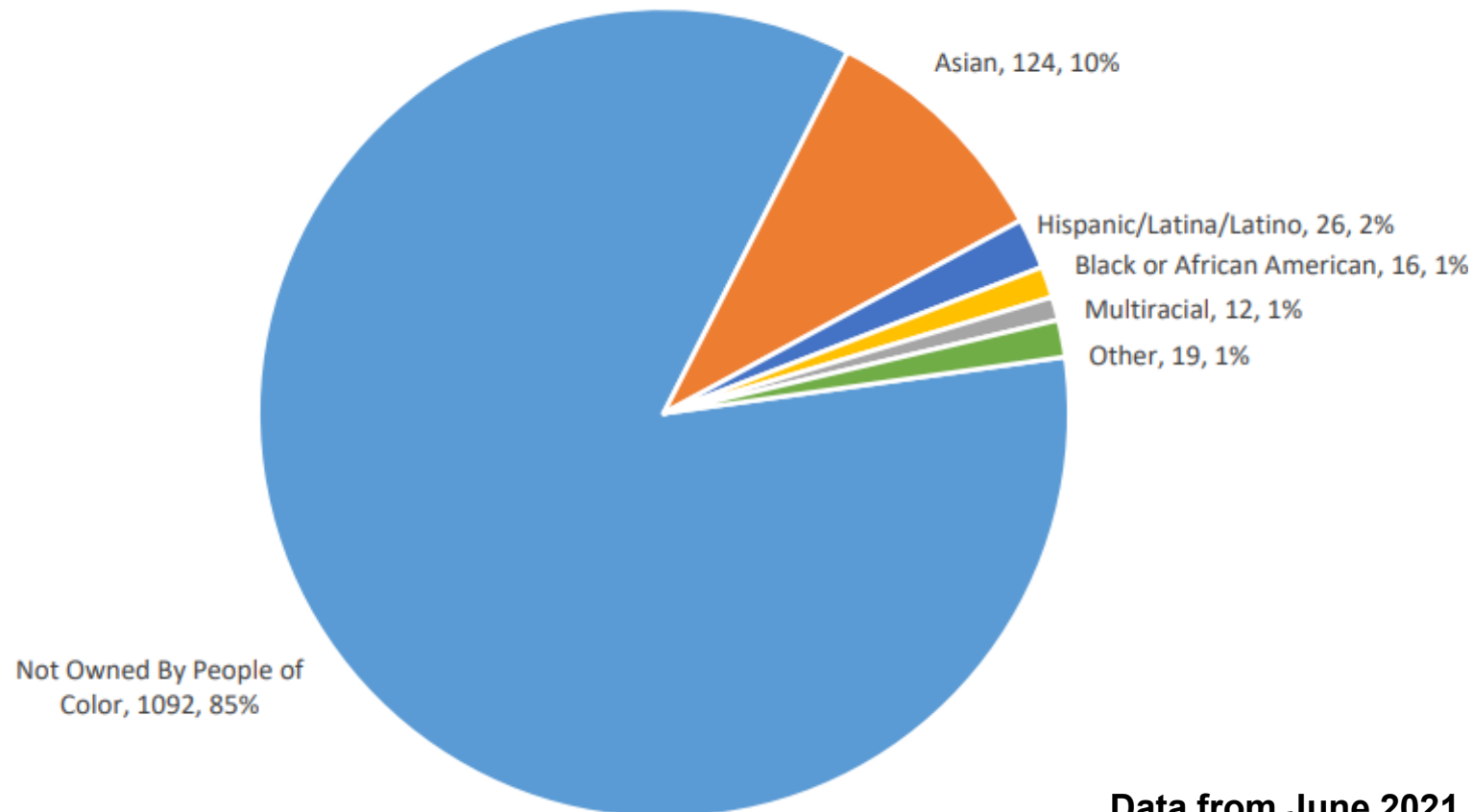
The following business affiliations would not result in a true party of interest:

- A landlord unless there is common ownership;
- An employee receiving a bonus or commission based on their sales;
- A person or entity obtaining a commission for the sale of the business or real property;
- A consultant receiving a flat or hourly rate compensation;
- A person with an option to purchase the applied for or licensed business;
- A business or individual with a contract for services with a licensed business; or
- A financial institution.



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Cannabis Producers & Processors – Voluntarily Submitted Self-Identified Race

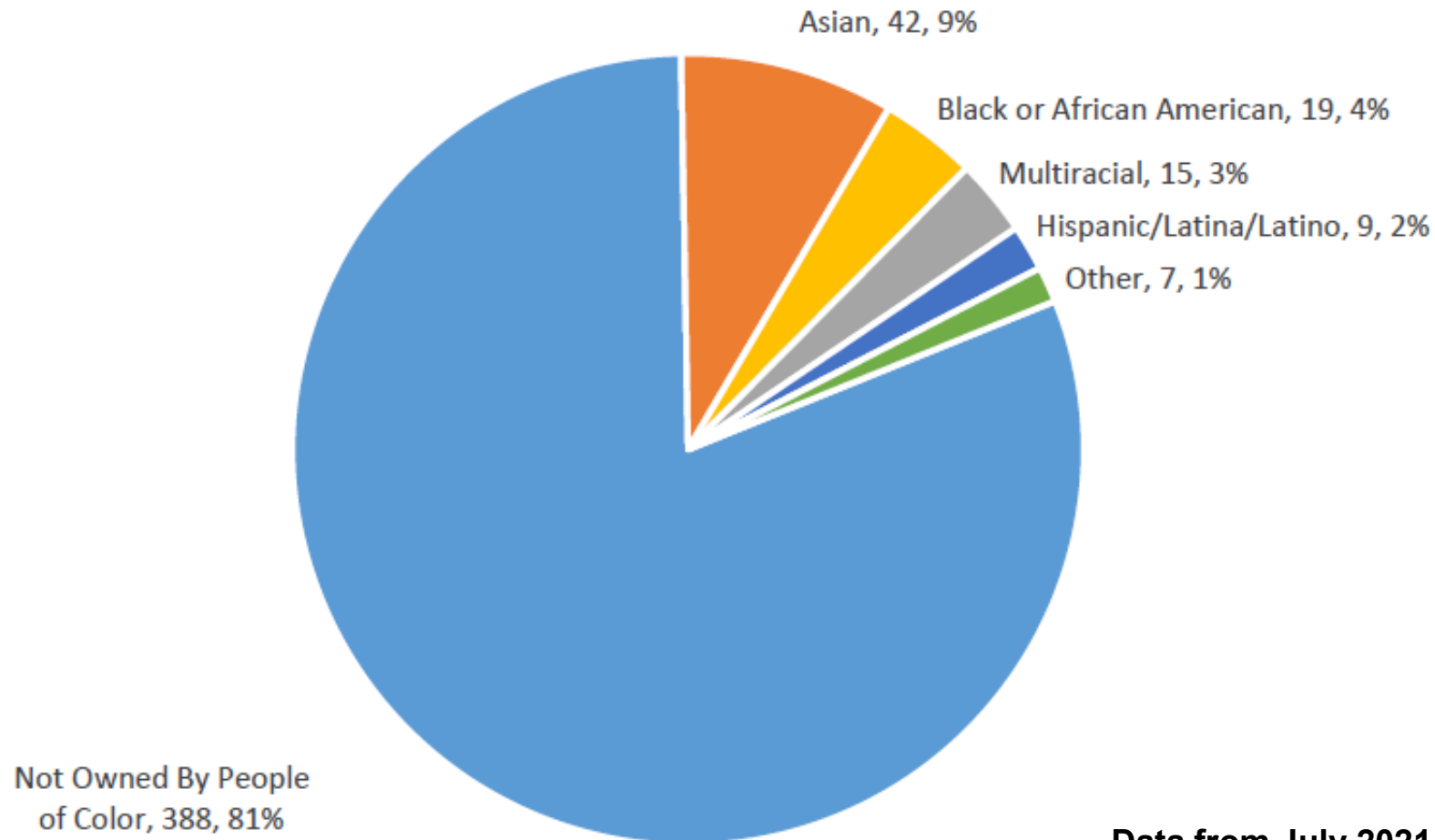


Data from June 2021



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Cannabis Retailers - Voluntarily Submitted Self-Identified Race



Data from July 2021



Cannabis License Contracts

- Enacting Legislation.
 - ESHB 1794, effective July 28, 2019, created a means for cannabis licensees to enter contracts connected to the business such as intellectual property and branding agreements.
- A cannabis licensee must disclose any contracts or agreements associated with the business to the board for review.
 - The review needs to occur prior to the contract finalizing.
 - This includes intellectual property agreements, consulting agreements, branding, staffing, etc.



Cannabis License Contracts, Cont.

All contracts are reviewed to ensure there isn't a crossover into a true party of interest scenario. The following terms are reviewed, but not limited to:

- Parties Involved - the contracting business cannot own a cannabis business that would be considered "cross-tier".
- Intellectual Property - what the intellectual property includes.
- Control/Authority - the licensee must retain the right, controls, and final authority;
- Fees - the fee for service must be a flat fee or hourly and not based on a percentage of profits; and
- Services provided and termination language.



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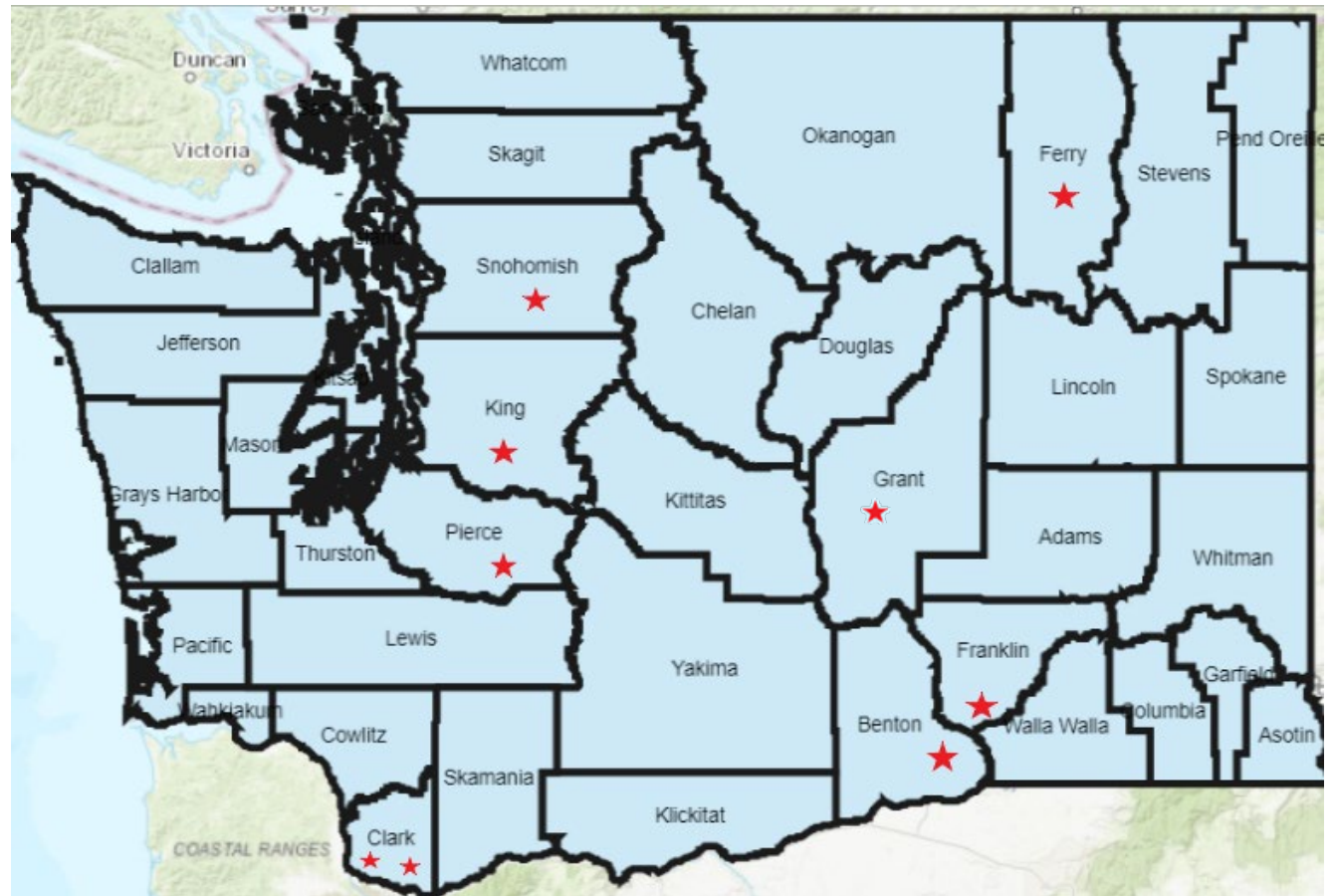
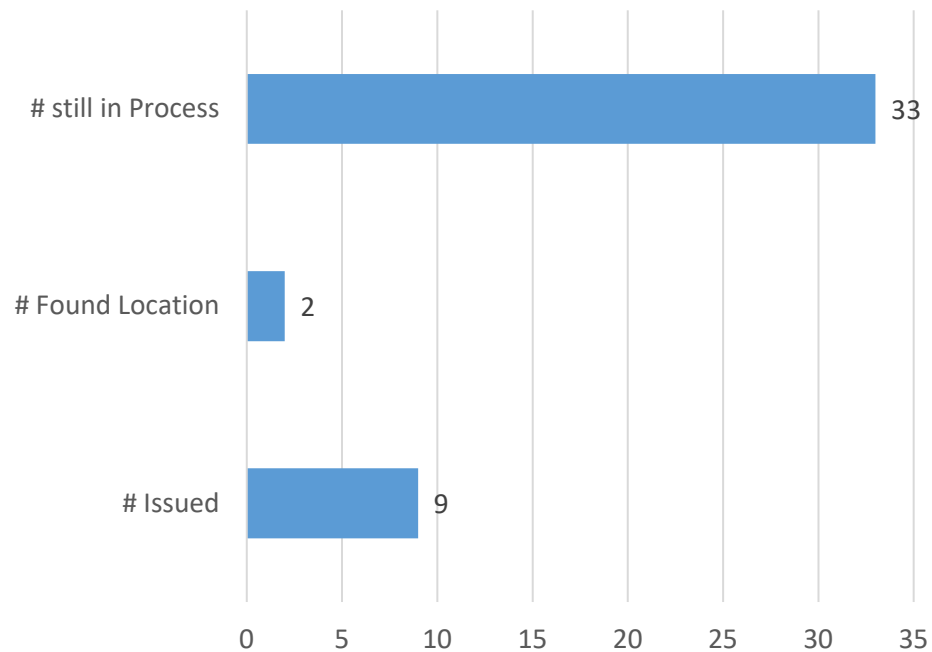
Social Equity Program Update



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Applicant Statuses

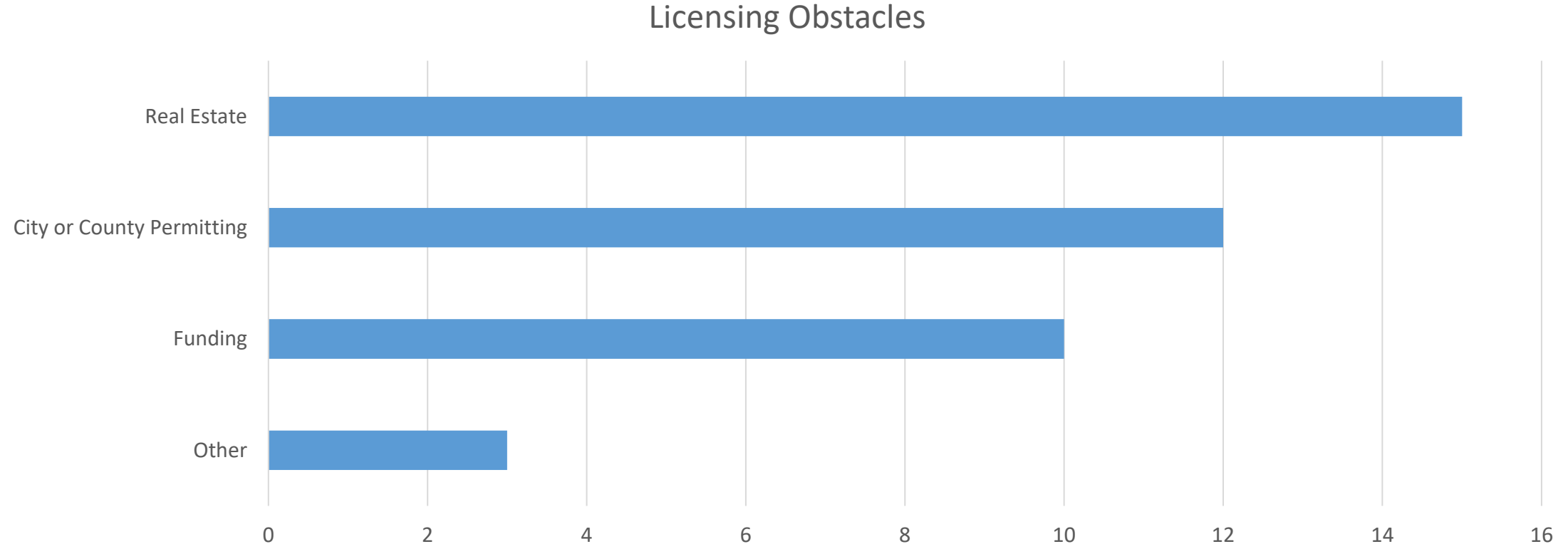
Social Equity Applications Status





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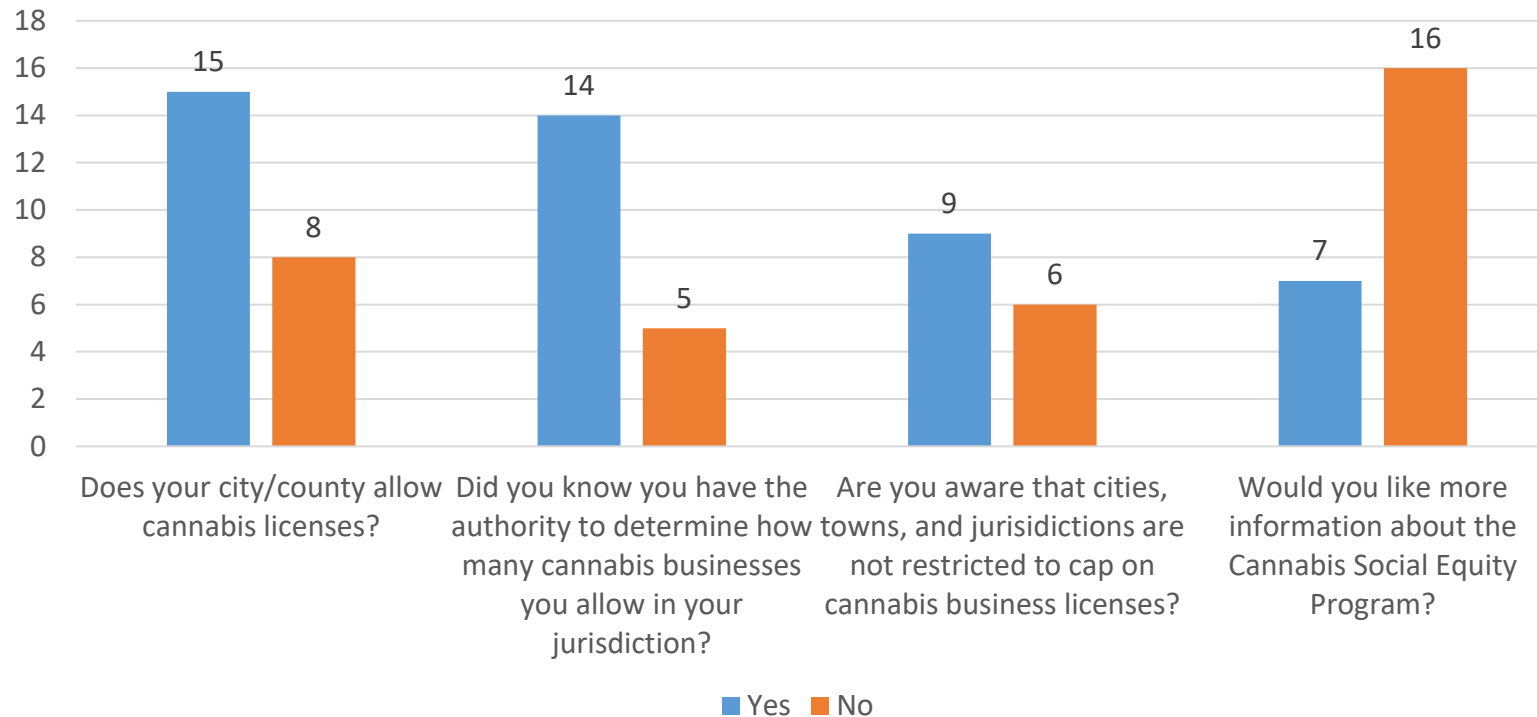
Pending Applicant Survey Results





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Local Authority Survey Results



Respondents included:

- Hoquiam
- Renton
- Clark County
- Centralia
- Aberdeen
- Skagit
- Lake Stevens
- Bainbridge Island
- Monroe
- Kennewick
- Whitman County
- Yakima County
- Grandview
- Auburn
- Pasco



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Social Equity Blog



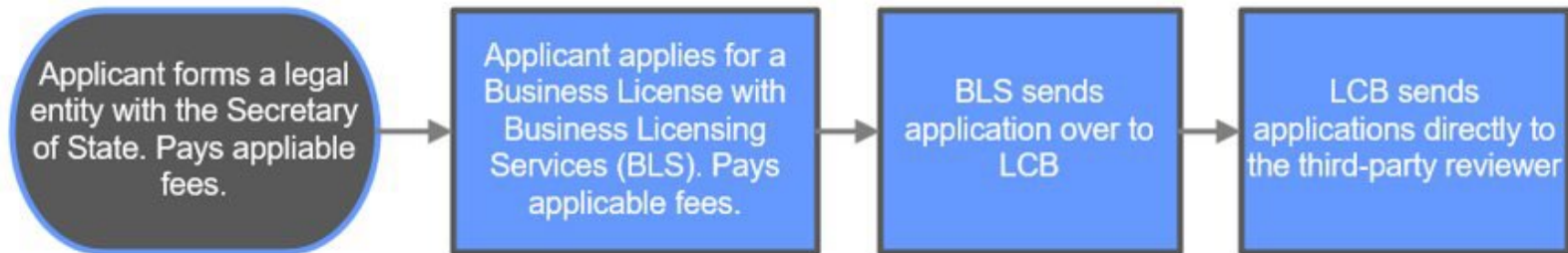
<https://medium.com/lcbsocialequity>



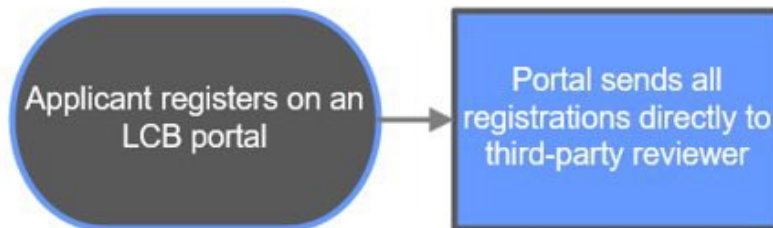
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Future Application Process

Previous Social Equity Application Process



New Social Equity Registration Process





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Thank You!

Questions?