



## WACA 2024 LEGISLATIVE AND REGULATORY AGENDA

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

The 2023 Legislature made progress on two key priorities for a safe, well-regulated, and quality-controlled cannabis marketplace but unfortunately did not ultimately adopt SB 5340 (purchase limits for low-THC beverages) or SB 5363 (updating signage regulations). These two bills earned strong bipartisan support that led to nearly unanimous votes of approval by the Senate. Heading into the short session to finish the 2023-24 Biennium, we look forward to continuing to support these policy priorities as they have already earned such strong support by lawmakers on both sides of the aisle.

### **Defer Unused Producer Licenses and Open Access to Capital – HB 1341/SB 5377**

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 seventh year, WACA supports easing restrictions on capital investment for local businesses 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.

Together 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.

This legislation advanced to the Senate Floor in 2023, earning approval from the Senate Committee on Labor & Commerce and the Senate Committee on Ways & Means. Building on the progress made in 2023, SB 5377 will be reintroduced in the 2024 legislative session and will start the legislative process in the Senate Rules Committee.

### **Respect Consumer Preference for LOW THC Products – HB 1249/SB 5340**

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 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.

This legislation advanced to the House floor in 2023, earning near unanimous approval from the Senate and the House Committee on Regulated Substances & Gaming. Both HB 1249 and SB 5340 will start in their respective House and Senate Rules Committees in 2024.

### **Consistent Compliance, Local Control – SB 5363**

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 on sign dimensions and number of signs and instead defer to local laws and requirements when it comes to basic tradename signs. This legislation would only allow for local control of size dimension and number of signs for tradename signs from the business and regulatory oversight of advertising content would remain with the Liquor and Cannabis Board.

This legislation earned the unanimous approval of the 2023 Senate and advanced to the House floor. SB 5363 will start in the Senate Rules Committee in 2024.

### **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.

**Move Cannabis Laboratory Accreditation to the Washington Department of Agriculture**

As a leading advocate for the creation of robust testing standards in our legal marketplace to protect consumer safety, we support assigning the oversight role for this critical public safety program to the Washington Department of Agriculture. In 2022, HB 1859 created an Interagency Coordination Team that included WSDA, DOH, and WSLCB. This team was tasked with establishing and laboratory standards for private cannabis laboratories. WACA supports transitioning private cannabis lab accreditation from the WSLCB to WSDA rather than from WSLCB to Ecology. This will help to streamline the work in this space and help to reduce overall cost from the new program incurred by the state and private cannabis labs without slowing down the program implementation.

**Environmental considerations in cannabis: Reuse Cannabis Plant Waste – SB 5376**

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.

This legislation advanced to the Senate floor in 2023, earning approval from the Senate Committee on Labor & Commerce and the Senate Committee on Ways & Means. SB 5376 will start in the Senate Rules Committee in 2024.

**Best Practices 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
<b>Waste Disposal Requirements</b>	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.
<b>Sampling Rules</b>	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, to provide information that builds a knowledge base that supports customers.
<b>Returned Product</b>	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 if the product has not been opened or altered.
<b>Processing Arrangements</b>	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.
<b>Product on Hand</b>	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.