



# Recreational Marijuana Implementation of I-502

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October 21, 2014



# Marijuana Legalization

## Washington's Legalization at Glance

- Established by Initiative 502 on Nov. 6, 2012
- I-502 drafted by ACLU Drug Policy Director Alison Holcomb
- WSLCB charged with:
  - Drafting rules governing the new system
  - Licensing applicants
  - Enforcing the law at licensed locations



## Timeline

**December 2012**

I-502 effective date

**October 2013**

Rules effective

**Nov to Dec 2013**

30 day window application period drew  
7,000+ applications

- No limit on producers and processors
- Retail stores limited to 334 statewide
- Retail lottery held in April to identify 334 “winners” out of 2,100 applicants

**March 2014**

First producer licenses issued

**April 2014**

Retail lottery

- Retail lottery held to identify 334 “winners” out of 2,100 applicants

**July 7, 2014**

First retail licenses issued

**July 8, 2014**

First retail stores open



# Goals of Developing Washington's System

- Public safety is top priority
- Preventing youth access
- Open and transparent system of rule-making and implementation
- Tightly regulated controlled marketplace
- Collect revenue for state of Washington



## Top 10 Lessons Learned

The following slides depict my personal reflections on lessons learned, in no particular order.



# Lesson 1

**There are many challenges of implementing a state law that is illegal federally.**

- Schedule 1 controlled substance
- Banking
- Public agencies reluctant to cooperate
- Creating a controlled market, not open market
- Walking the line between federal expectations and state law requirements – DOJ memo



## Lesson 2

**Be realistic about the time it takes to set up a comprehensive system of growing, processing, and retailing recreational marijuana.**

- Public forums and hearings
- Right system is more important than being fast
- Brookings Institute Study





## Lesson 3

**The impact on agency and state resources is heavy. This is not normal business.**

- Original OFM Fiscal Impact Statement
  - Estimated 100 producers
- WSLCB Application Window Nov. 2013
  - 7,000+ marijuana applications w/in 30 days
  - 2,600 producers and 2,500 processors
  - By comparison....
    - 5,534 grocery stores that sell alcohol licensed
    - 4,929 total spirits/beer/wine restaurants licensed
- Media
  - Top 5 statewide AP story
  - 3,000+ media contacts per year





## Lesson 4

**It helps to know your license applicant base.**

- Many marijuana license applicants are not familiar with operating under regulation
- Basic technology, such as computer access or proficiency, can be challenging
- Public forums held to get input from industry before regulations were drafted



## Lesson 5

### **Limit each applicant to a single license per license category to get the system started**

- Creating a restricted marketplace to avert diversion
- WSLCB rules allowed up to 3 licenses per category
- WSLCB had to later limit applicants to single license and refund fee or hold application

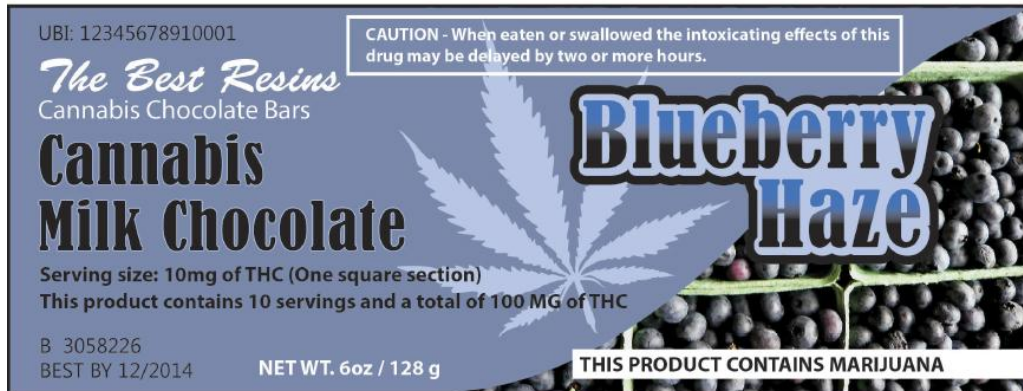


## Lesson 6

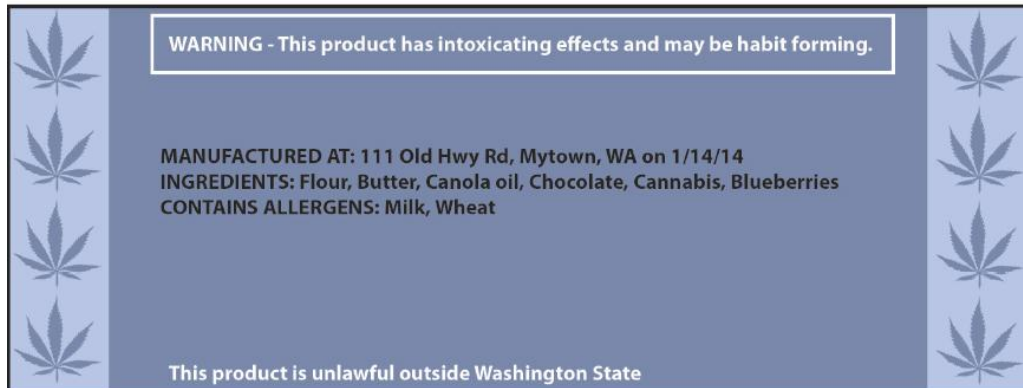
# Lab testing is important to help further public and consumer safety

### Sample Label

FRONT



BACK



- Business/trade name, UBI
- Lot number
- Batch number
- Manufacture date
- Best by date
- Recommended serving size
- Servings per unit
- Total milligrams of active THC
- Net weight
- All ingredients (incl. allergens)
- Warnings and cautions
- Identifier, “Product contains marijuana”
- All marijuana-infused products must be approved by the WSLCB



## Lesson 7

**Product and label approval on edible marijuana products protects kids and consumers.**



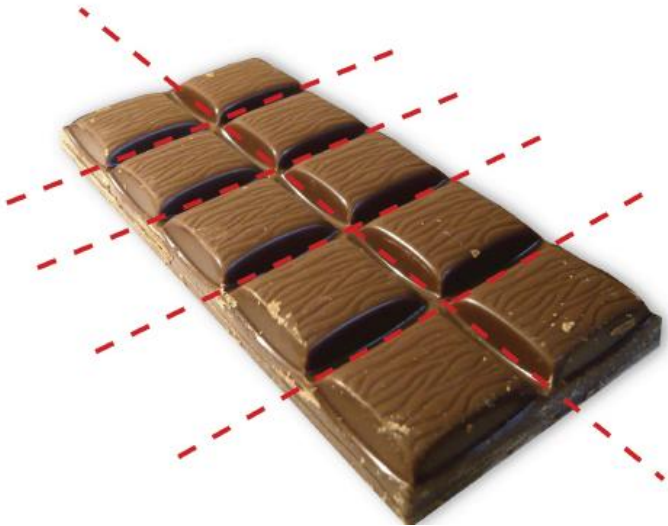
- 4 mil plastic minimum
- Sealed packaging
- No easy-open devices
- Re-sealable: child resistant
- Poison Prevention Act compliant





## Lesson 8

**Serving sizes and scoring promote consumer and public safety.**



- Serving = 10 mgs THC
- Maximum of 10 servings per unit
- Maximum 100mgs THC per unit
- Servings must be physically indicated
- All products must be tested





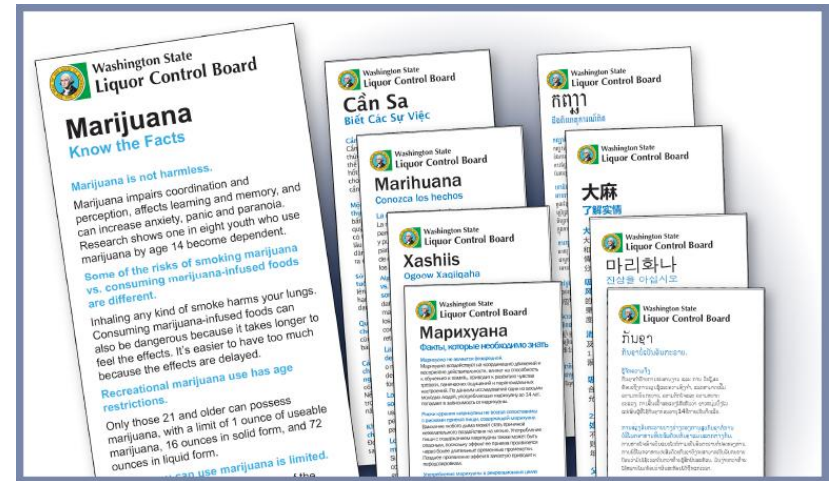
# Lesson 9

Having a public education campaign in place is critical.



## Consumer Education

- Consumer safety
  - Potency
  - Edibles
  - Driving/DUI
- Basic law facts
- Resource referral
- 40,000 copies, also available on-line



## Parent Education

- Health risks and laws
- Nine languages
- 55,000 copies printed



# Lesson 10

## Expect the unexpected

- Circumstances outside your control will impact the best laid plans
- Remain flexible
- Be prepared and have the courage to adjust
- Be conservative when projecting revenue



# Current Status of WA Marijuana System

## Licenses Issued/Applied (as of 10/8/14)

- 267 producer/processors
- Total producer canopy: 2.8 million square feet (represents nearly 65 metric tons of product )
- 66 of 334 retailer licenses issued

**Total sales through 9/30** \$19.2 million

**Excise tax obligation through 9/30** \$4.8 million

## Revenue Projection (September forecast)

- 2013-15 Biennium \$21.6M (\$2.9M – GFS)
- 2015-17 Biennium \$177.9M (\$31.1M – GFS)
- 2017-19 Biennium \$348.4M (\$63.0M-GFS)





# Washington State Liquor Control Board



**Any Questions?**