



Recreational Marijuana Implementation of I-502

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Washington State Liquor Control Board (WSLCB)

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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

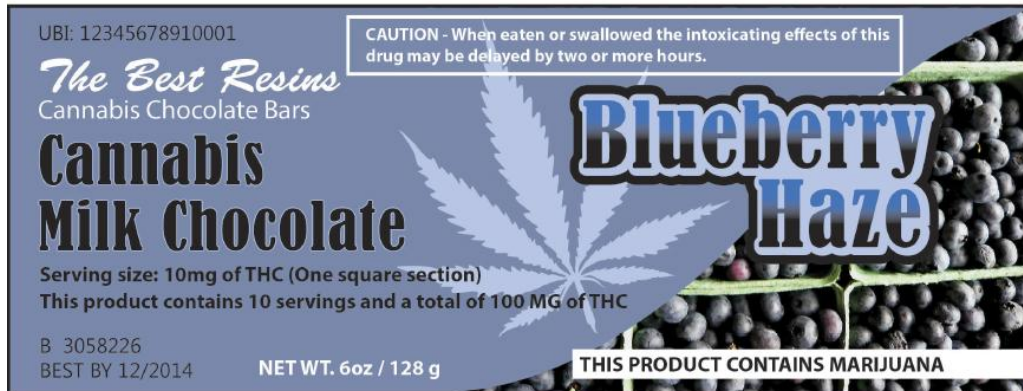


Lesson 6

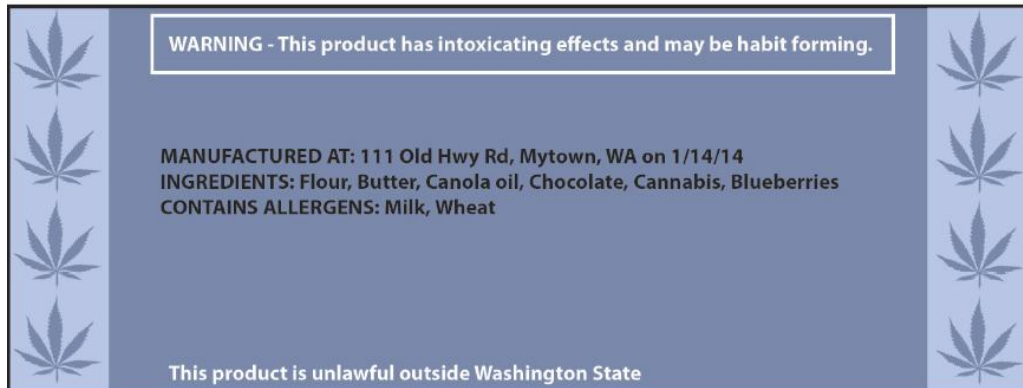
Lab testing is important to help further public and consumer safety

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.



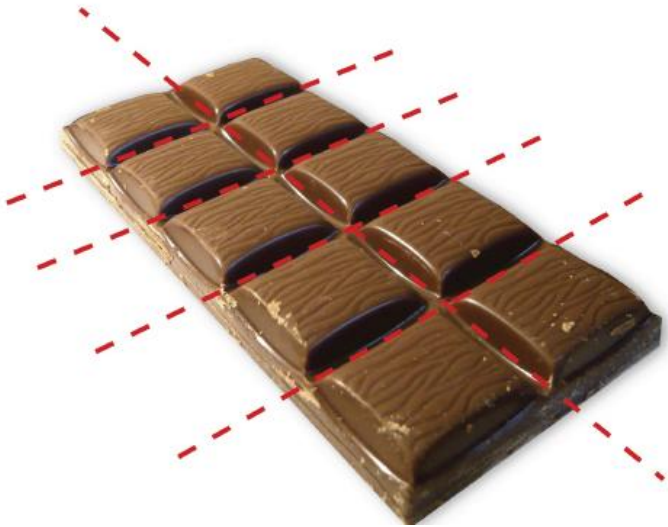
- 4 mil plastic minimum
- Sealed packaging
- No easy-open devices
- Re-sealable: child resistant
- Poison Prevention Act compliant





Lesson 8

Serving sizes and scoring promote consumer and public safety.

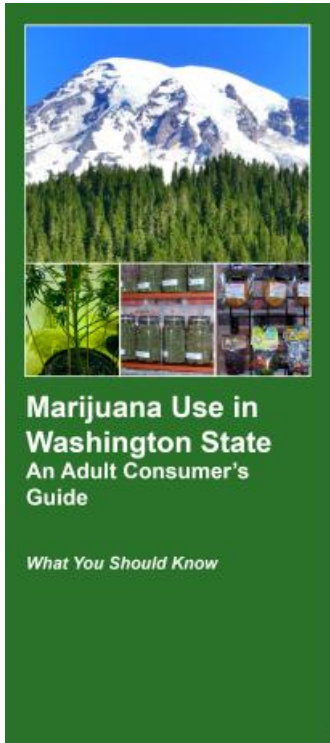


- Serving = 10 mgs THC
- Maximum of 10 servings per unit
- Maximum 100mgs THC per unit
- Servings must be physically indicated
- All products must be tested



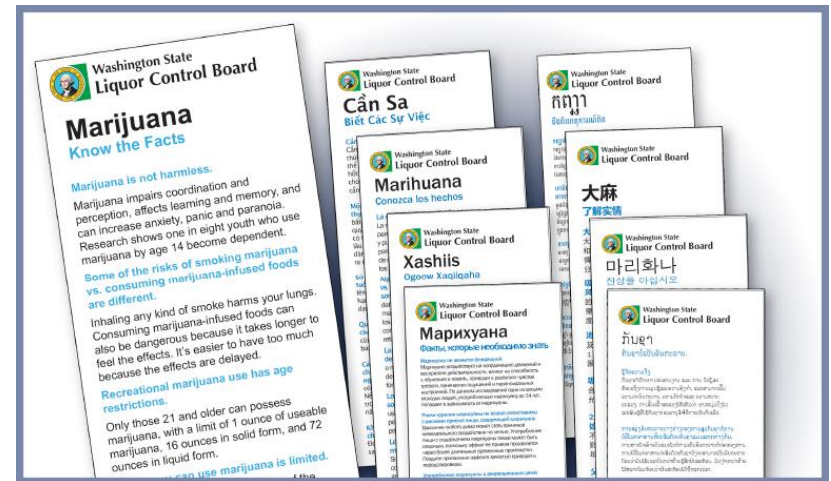
Lesson 9

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?