Deputy Chief Steve Johnson,
WA State Liquor and Cannabis Board Enforcement & Education Division
Impacts

- Federal, State, Local Policy
- Public perception

Preventing the distribution of marijuana to minors

Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels

Preventing the diversion of marijuana from states where it is legal under state law in some form to other states

Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity

Source: Department of Justice; Department of the Interior (logo). | GAO-16-1
Risks and Criminal Activity

- Cash Based Business
- Banking (primarily credit unions in WA state)
- Ownership Verification
- Financial Crimes
- Youth Access
- Impaired Driving
- Consumer Safety
License Types

1. **Producer**: allows the licensee to produce, harvest, trim, dry, cure and package marijuana into lots for sale at wholesale to marijuana processor licensees or to another producer.

2. **Processor**: allows the licensee to process, dry, cure, package, and label useable marijuana, marijuana concentrates, and marijuana-infused products for sale at wholesale to marijuana processors and marijuana retailers.

3. **Retailer**: allows the licensee to sell only useable marijuana, marijuana concentrates, marijuana-infused products, and marijuana paraphernalia in a retail outlet.

4. **Transporter**: allows a licensee to physically transport or deliver marijuana, marijuana concentrates, and marijuana-infused products between licensed marijuana businesses.

5. **Cooperative**: a group of more than one, but no more than four qualified medical marijuana patients and/or designated providers who share responsibility for growing and processing marijuana only for the medical use of the members of the cooperative.
6,756 applications received after the original initiative

2,747 were assigned to process
  • 2,415 Producer/Processor applications advanced
  • 334 Retail applications authorized

2,340 medical marijuana retail applications
  • 222 new retail locations authorized
  • 51 applications for a Cooperative registration received
  • 9 Cooperatives are registered

49 applications for a Transportation license received
  • 8 transporter licenses have been issued
## Licensing Information

<table>
<thead>
<tr>
<th></th>
<th>Licenses Issued by Licensed Privilege</th>
</tr>
</thead>
<tbody>
<tr>
<td>Producer</td>
<td>Producer/Processor</td>
</tr>
<tr>
<td>162</td>
<td>996</td>
</tr>
</tbody>
</table>

**Retail Locations**

**Producer/Processor Locations**
Outdoors  Indoors
CO2 extractor, Butane & propane are also used

Vacuum Well

Air flow vent

Marijuana Concentrate

Seized Cookies and Brownies

Packaged Concentrate
Traceability Software

- LCB will employ a robust and comprehensive system.
- Licenses must pass a traceability test with a score of 100% to get their license.
- Tracks product from seed/clone to sale giving us the ability to:
  - Match records to product on hand
  - Verify product being transported
  - Verify destruction of product
Retail vs. Wholesale Prices of all products tracked

<table>
<thead>
<tr>
<th>Year/Monthly</th>
<th>Usable Retail Ave. $/g</th>
<th>% Change</th>
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</thead>
<tbody>
<tr>
<td>2016</td>
<td>$ 8.71</td>
<td></td>
</tr>
<tr>
<td>April</td>
<td>$ 9.03</td>
<td>-3.0%</td>
</tr>
<tr>
<td>May</td>
<td>$ 9.03</td>
<td>-0.1%</td>
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<tr>
<td>June</td>
<td>$ 8.95</td>
<td>-0.8%</td>
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<tr>
<td>July</td>
<td>$ 8.86</td>
<td>-1.1%</td>
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<tr>
<td>August</td>
<td>$ 8.84</td>
<td>-0.2%</td>
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<tr>
<td>September</td>
<td>$ 8.73</td>
<td>-1.2%</td>
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<tr>
<td>October</td>
<td>$ 8.61</td>
<td>-1.4%</td>
</tr>
<tr>
<td>November</td>
<td>$ 8.29</td>
<td>-3.6%</td>
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<tr>
<td>December</td>
<td>$ 8.11</td>
<td>-2.2%</td>
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<tr>
<td>2017</td>
<td>$ 7.86</td>
<td></td>
</tr>
<tr>
<td>January</td>
<td>$ 8.09</td>
<td>-0.3%</td>
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<tr>
<td>February</td>
<td>$ 7.95</td>
<td>-1.7%</td>
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<tr>
<td>March</td>
<td>$ 7.84</td>
<td>-1.4%</td>
</tr>
<tr>
<td>April</td>
<td>$ 7.56</td>
<td>-3.5%</td>
</tr>
</tbody>
</table>

Retail vs. Wholesale Prices of all products tracked

- 4/20/17 = $5.45
- 4/30/17 = $7.54
- 4/30/17 = $2.64
Average daily sales = $4.3 million
## Sales and Tax Activity

### Sale Totals
- Since July 8, 2014: $2.31 billion
- FY 2015: $259.7M
- FY 2016: $972.7M
- FY 2017: $1.08 billion

### Excise Tax Revenue*
- Since July 8, 2014: $452.1 million
- FY 2015: $64.9 million
- FY 2016: $185.7 million
- FY 2017: $201.5 million

### 2013 Excise Tax Forecast
- FY 2015: $36.3 million
- FY 2016: $80.0 million
- FY 2017: $119.8 million
- FY 2018: $160.2 million
- FY 2019: $193.5 million

### 2016 Excise Tax Forecast
- FY 2015: $64.9 million
- FY 2016: $164.0 million
- FY 2017: $272.0 million
- FY 2018: $330.4 million
- FY 2019: $363.1 million

*Retail Sales, Business Occupation, and Local taxes are also collected by other agencies.*
Strict Packaging and Labeling Requirements

- Limited servings and concentration per package
  - Servings are individually wrapped
  - Homogenized to ensure uniform THC concentration

Sample Label

- 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
Security and Safeguards

- Alarm and surveillance video camera requirements (including camera placement, minimum pixels and lockbox encasement)
- Strict transportation and record keeping requirements (no third party transport of product)
- Hours of retail operation limited to 8:00 a.m. to 12:00 a.m.
Standard Penalty Guidelines

• $1,000 administrative penalty for minors frequenting
• Sets strict tiered system of violation record over a three year period. Example:
  • Group 1 public safety:
    • First violation: 10 day suspension or $2,500
    • Second violation: 30 day suspension
    • Third violation: license cancellation

• Furnishing marijuana to a minor is still a felony!
Poison Control

Annual Marijuana Cases from 1999 to 2015

Marijuana Exposures by Age for 2014 and 2015

Safe Drivers · Safe Vehicles · Secure Identities · Saving Lives
• Buying marijuana in a store decreased
• Getting it from friends decreased
• Giving money to someone else to purchase it for them increased
• 12th graders driving within three hours after marijuana use increased
Marijuana Compliance Checks

- Goal of three compliance checks per calendar (business) year
- 18 month average compliance rate 92%
Unlicensed Grow House
Marijuana Complaints FY16

<table>
<thead>
<tr>
<th>Month</th>
<th>Marijuana Complaints</th>
<th>Sustained Rate</th>
<th>Linear (Marijuana Complaints)</th>
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<tbody>
<tr>
<td>Oct-15</td>
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<tr>
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<tr>
<td>Dec-15</td>
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<tr>
<td>Jan-16</td>
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<tr>
<td>Feb-16</td>
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<tr>
<td>Mar-16</td>
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<td>Apr-16</td>
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<td>Jun-16</td>
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<tr>
<td>Mar-17</td>
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</tr>
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Safe Drivers · Safe Vehicles · Secure Identities · Saving Lives
Marijuana sales and possession are decriminalized
- Legal recreational marketplace
- Criminal sanctions are still in place

No major issues
- Competing market places
- Civil issues (odor, zoning, etc.)
- Tribal relations

Crime is down
- Recent shootings over marijuana

Impaired driving will NOT go up
- WTSC data
- WSLCB rule to mitigate risk

Officers to focus on other crimes
Top 3 Challenges

• Gaps in Authority
• Competing Interests
• Resources
For More Information

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