

Washington State Compliance

There are **five key agencies** you should know about at the state level:

1. The Washington State Liquor and Cannabis Board (LCB)
2. Office of the Secretary of State (SOS)
3. Washington State Department of Revenue (DOR)
4. Washington State Department of Labor & Industries (L&I)
5. Washington State Employment Security Department (ESD)

Get help with state business compliance here:

<https://business.wa.gov>

“We know regulations, you know your business, together we'll make a great team that will keep your business on track with state, federal, and local regulations.”



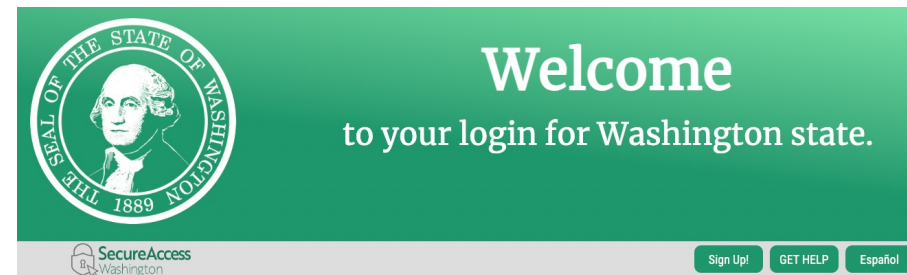
Washington State Liquor and Cannabis Board

The Washington State Liquor and Cannabis Board (LCB) is responsible for overseeing the licensing and regulation of cannabis businesses in Washington State. Each retail store must obtain a license from the LCB and comply with its rules and regulations regarding the following:

- Sales
- Packaging
- Labeling
- Advertising
- Security
- Recordkeeping
- Signage

The license application process starts with the Department of Revenue's (DOR) Business Licensing Service (BLS).

Information gets entered through a Secure Access Washington (SAW) account and goes to the LCB.





Washington State Liquor and Cannabis Board

After your business is licensed and running, you will have an ongoing relationship with the LCB. There are three key areas to know:

- **LCB collects the 37% cannabis excise tax charged on retail sales.** This is in addition to sales tax, which is collected by the Department of Revenue (DOR).

Learn more at <https://lcb.wa.gov/taxreporting/cannabis-tax-reporting-guide>

- LCB maintains a cannabis traceability system called the Cannabis Central Reporting System (CCRS). It's accessed through your SAW account.

Learn more at <https://lcb.wa.gov/ccrs>

- Your cannabis retail license must be renewed annually.



Washington State Liquor and Cannabis Board

LCB offers many resources for applicants and license holders:

- LCB web pages explain cannabis licensing: <https://lcb.wa.gov/cannabis-license/cannabis-licensing>
- Enforcement Education:
https://lcb.wa.gov/enforcement/cannabis_licensee_education_materials
- Responsible Cannabis Sales training in both PDF and video format:
<https://lcb.wa.gov/enforcement/responsible-cannabis-sales>
- Learn about the LCB Social Equity Plan: <https://lcb.wa.gov/se/cannabis-social-equity>

Bookmark the LCB website: <https://lcb.wa.gov>.

State laws and rules that govern cannabis businesses

RCW 69.50

<https://apps.leg.wa.gov/rcw/default.aspx?cite=69.50>

WAC 314.55

<https://app.leg.wa.gov/WAC/default.aspx?cite=314-55>



WASHINGTON

Secretary of State

Most cannabis businesses are corporations, partnerships, or liability limited companies (LLCs). These business entities are formed by registering them with the **Office of the Secretary of State**. **Each type has different requirements** and means you're exposed to **different levels of risk as an owner**.

Every business entity is associated with one or more "true parties of interest," meaning people who exercise control over the business operations. Washington state law requires that a cannabis license be issued in the name(s) of this or these individuals. That means the LCB may conduct an investigation of these individuals when you apply for a cannabis license.

The law also states: A married couple may not be a true party of interest in more than 5 retail cannabis licenses and may not be a true party of interest in a cannabis retailer license and a cannabis producer license or a cannabis retailer license and a cannabis processor license.



WASHINGTON

Secretary of State

To register your business:

1. Learn about the pros and cons of each business entity.

<https://dor.wa.gov/open-business/choose-ownership-structure/compare-business-structures>

2. Learn who is a true party of interest for the purposes of a cannabis license.

<https://app.leg.wa.gov/wac/default.aspx?cite=314-55-035>

3. Review your findings with your business advisors, especially your attorney and your accountant, and decide on a structure.
4. Draft the appropriate documents, such as Articles of Incorporation or a Partnership Agreement.
5. Register your business with the Office of the Secretary of State.

Visit the OSOS website: <https://www.sos.wa.gov/corporations-charities>



The Department of Revenue is responsible for several important aspects of a cannabis business:

**Business
License**

Sales Tax*

**Business and
Opportunities
(B&O) tax**

**Reseller's
Permit**

**Webinars, videos, and tax consulting:
<https://dor.wa.gov/education>**

**Not the same as Cannabis Excise Tax, which is collected by LCB*



Washington State Department of Labor & Industries

The Washington State Department of Labor and Industries (L&I) oversees business compliance in **three areas that relate to workers in Washington state**:

- Wage law
- Workers' Compensation
- Safety and health regulations (the Washington state law, WISHA, applies, rather than the federal OSHA)

If you have employees, L&I provides resources, including training and account managers to help you stay compliant in these three areas.



<https://Lni.wa.gov>

**Payment for Workers' Compensation premiums is collected by DOR.*



Employment Security Department

WASHINGTON STATE

The Employment Security Department (ESD) administers programs that ensure equitable access to **resources that improve economic security**:

- Unemployment insurance
- Long-term care
- Other employment-related programs in Washington State

If you have employees, you must register with the ESD and comply with state employment laws and regulations.



<https://esd.wa.gov>

**Payment for ESD programs is collected by DOR..*

Four more agencies to know

Department of Agriculture (WSDA)

Regulates cultivation and testing of cannabis plants

Makes sure scales are accurate

Department of Health (DOH)

Regulates the medical cannabis market

Department of Ecology (DOE)

Regulates handling and disposal of cannabis waste

Department of Commerce (Commerce)

Provides resources for small businesses, including grants and training



How to get help

- Every state agency has people and programs to help you remain compliant. Use their websites to find them.
- Reach out to your compliance team (attorney, accountant, etc.).
- Find and join advocacy groups that represent your business. They are an excellent way to stay informed about changes to the law.



<https://business.wa.gov>



State compliance checklist