



Set Up a Legally-Compliant Business

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Businesses have to follow rules: Introduction to compliance

Just as any driver has to follow the rules of the road to stay safe and avoid accidents and tickets, businesses have to follow rules to operate legally and responsibly.

The good news is that these laws have two sides: Responsibilities and rights. Compliance doesn't just refer to restrictions. It also means that you have rights, and that you do things to maintain those rights.

If you are eligible for a license under the Washington Cannabis Social Equity program, your steps are based on these two sides:

1. You need to understand and meet the requirements of the program.
2. Then you can take advantage of the rights that it represents.

Business law is complicated. Only a licensed attorney can give you legal advice. This training material is intended to help you understand how compliance impacts your business. ***This training is not intended to serve as legal advice.***

There are four steps to setting up and maintaining a legally-compliant business.

1. Understand the risk (in other words, why does compliance matter?)
2. Learn about the laws that govern your business
3. Create a culture of compliance
4. Adapt to changes in the law

1. Understand the risk: What is compliance, and why does it matter?

Compliance: The act of obeying laws or rules.

Business Compliance: Conforming to the legal and regulatory standards that apply to a specific industry or business operation.

Business law can be an intimidating subject. Cannabis, in particular, is a highly-regulated industry with laws and rules that change swiftly.

A cannabis store has more operational risk than other types of retail establishments. That's because breaking the law can result in not only fines, but a revoked license, which can shut the business down, or jail time, if you sell to minors or illegal distributors.

Your employees also take legal risks when working in a cannabis store. Penalties for sales to minors impact them directly, and large cash payments can have tax implications and trigger money-laundering questions.

It's important to learn as much as you can about the laws that govern your business and work with experts to minimize your risk. Ignorance of the law is not an excuse to break it. There are many cannabis establishments operating within the scope of current Washington law, and you can learn what you need to know to be one of them.

Who is on your compliance team?

In Chapter 1, we talked about the importance of building a network of business professionals to help you make decisions. To minimize operational risk, you'll need to draw on the specialized knowledge of a number of individuals, such as:

- Attorney
- Accountant
- Bookkeeper
- Cannabis expert
- Real estate professional
- Banker
- Payroll service
- Employee benefits expert
- State and local government agencies (free assistance is available to help with compliance)

By drawing on their knowledge, you can develop policies and procedures for your store that guide and protect you and your employees. That means that not only are you operating within the law, you are documenting what to do in case an issue comes up.

Five cannabis compliance challenges

There are five challenges specific to the cannabis industry that increase compliance risk.

1. **Conflict between state and federal laws.** This leads to a legal gray area where store owners have to navigate conflicting and changing sets of laws and regulations.
2. **Rules that vary between local jurisdictions.** This makes it harder to share information or hire expert help, because what someone is doing a few miles away might not be allowed where you are.
3. **Highly regulated industry, due to public health and safety concerns.** Strict regulations govern every aspect of the supply chain, from cultivation and processing to distribution and retail. Compliance requires adherence to detailed protocols, which can be challenging for small businesses.
4. **Rapidly changing cannabis laws.** The rules that govern the cannabis industry have been changing more quickly than other laws. Any change in the law can require you to change the way you do things in your store to stay compliant.
5. **Stores that operate on a cash basis.** This makes it harder to track and report financial transactions.

With these five challenges in mind, you'll need to figure out four things to set up a compliant business:

1. Which jurisdictions apply to you?
2. Which laws and rules apply under each jurisdiction?
3. How do you set up compliant business processes?
4. How do you stay informed in case rules change?

We'll take a step-by-step approach to these four questions.

Useful terms to know

These are some of the terms you'll encounter as you learn about compliance.

- **Statutes**, also known as laws or codes, are the rules passed by a legislative body (the state legislature or Congress).
 - The **Revised Code of Washington (RCW)** is the compilation of all permanent laws now in force.
- **Regulations** are rules passed by agencies like the Liquor and Cannabis Board. These supplement the statutes and provide more guidance about what is and is not allowed.
 - **Washington Administrative Code (WAC)** codifies regulations and arranges them by subject or agency.
- **Ordinances** are rules passed by cities and counties.
- A **ban** is a prohibition on doing something. A **moratorium** generally refers to a time-limited prohibition on doing something.

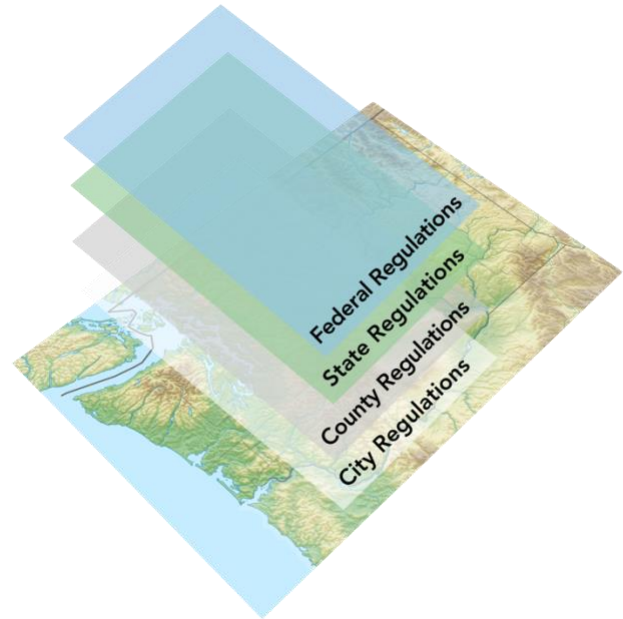
2. Which jurisdictions apply to you?

Think about the location where you want to start your business. For most, a minimum of three jurisdictions will apply:

1. Federal, because it's located in the United States
2. State, because it's located in Washington
3. County (Washington is divided into 39 counties)

You may be subject to additional rules if you fall within one of the following:

4. City or town
5. Federally-recognized Tribal Nation



What about Tribal Nations?

For federally-recognized Tribal Nations, federal law applies on tribal lands, but not state or county rules.

Instead, the LCB is authorized to negotiate **Cannabis Compacts** with Federally-recognized tribes in Washington. If executed, a Compact sets forth the rules concerning the commercial production, processing, and sale of cannabis for a Tribal Nation within Washington. You can find out if a Compact has been executed for a given Tribal Nation by contacting the LCB Public Records Office.

Which of the following jurisdictions apply to your location? Write it here:

Federal		State	
United States of America		Washington State	
County	City	Tribal Nation	

3. Local Compliance

When it comes to compliance for a retail cannabis business, you need to start with city and county ordinances.

Although state law may allow cannabis operations, **in many areas, city and county ordinances prohibit them.** These ordinances may include bans, moratoriums, permitting, and zoning restrictions.

You can learn more from the LCB website (<https://lcb.wa.gov/se/allotment-details>), but **it is best to contact your city or county directly to learn about any restrictions.**

A great place to start is the Municipal Research and Services Center (MRSC). This is a nonprofit that maintains information about all cities and towns in the state:
<https://mrsc.org/research-tools/washington-city-and-town-profiles>



Stop here and find out whether your county, city (if applicable), and tribal rules (if applicable) allow you to operate a cannabis business in the location you are considering.

Six areas of local compliance to review

If your proposed location does not fall under a ban or moratorium, you can proceed. But you cannot disregard local ordinances completely. There are six areas to consider when you set up your business.

1. **Business Licensing and Permits:** Your city or county may require a local business license endorsement in addition to your state business license. The Washington State Department of Revenue maintains lists of cities and counties that require an endorsement:
 Cities: <https://dor.wa.gov/manage-business/city-endorsements>
 Counties: <https://dor.wa.gov/manage-business/county-endorsements>
2. **Local Business Taxes:** Cities or counties may also levy Business & Opportunity (B&O) taxes or property taxes. You'll need to find out what applies and how to pay it.
3. **Zoning Regulations:** These ordinances dictate where different types of businesses can operate within the city. They specify whether cannabis retail stores are allowed in certain areas and can influence factors such as building size, parking requirements, and

signage. There are also state location rules, which are enforced by LCB (<https://lcb.wa.gov/selicensing/location-restrictions-requirements>).

4. **Building Codes:** Washington State building codes are enforced at the city or county level. These codes ensure the safety, accessibility, fire protection, and structural integrity of a retail building. They make sure the store's physical structure meets minimum standards for occupancy and safety.
5. **Operating Hours:** Some cities have ordinances that regulate the operating hours of businesses, including retail stores. These are in addition to the statewide requirement that cannabis stores only operate between 8 am and midnight.
6. **Waste Management Regulations:** Cities may have ordinances regarding waste disposal, recycling, and hazardous materials handling. Retail stores are typically required to manage their waste responsibly and comply with these regulations to protect public health and the environment.

Stay abreast of changes

Once your business is set up, you can't just sit back. You'll need to keep a close eye on changes to local government rules.

Here are four ways to keep up to date on changes to local ordinances:

- Sign up for city and county newsletters and email announcements.
- Follow local government pages on social media.
- Join a business group, such as the Chamber of Commerce.
- Attend meetings of the city or county council.

If you hear that an issue that impacts your business is going to be discussed, be sure to attend the public meeting. You can always provide comments in writing, and many meetings allow members of the public to deliver short verbal statements that will be entered into the public record and taken under consideration by decision-makers.

Resource: Local compliance checklist

In the course resources, we've provided a checklist that you can use to keep track of the results of your research into each of these areas. Use it to make sure you know the rules that apply to your business at the local level.

4. State Compliance

As a small business, there are many resources available to help you with business compliance at the state level. The best place to start is **business.wa.gov**, which is organized by business function: "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."

Know your state agencies

When the Washington state legislature passes a law and the governor signs it, a lot of wheels are set in motion. It gets assigned to a state agency or department, and they figure out how to implement and enforce it.

This public process is known as **rule-making**. Agencies develop the details and ask for feedback and input from the public. The final rules are published in the Washington Administrative Code (WAC).

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
3. Washington State Department of Revenue (DOR)
4. Washington State Department of Labor & Industries (L&I)
5. Washington State Employment Security Department (ESD)

These four agencies also play a role in compliance and support for cannabis retail businesses:

6. Washington State Department of Agriculture (WSDA)
7. Washington State Department of Health (DOH)
8. Washington State Department of Ecology (DOE)
9. Washington Department of Commerce

We've provided information about each of the agencies below.

As you explore them, it's a good idea to sign up for their newsletters, so you can keep track of changes to laws and rules that impact you.

The Washington State Liquor and Cannabis Board (LCB)

The 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 Washington State Liquor and Cannabis Board publishes enforcement bulletins to help you stay informed about cannabis laws and regulations:

https://lcb.wa.gov/enforcement/enforcement_bulletins

The cannabis license application process starts with the Department of Revenue's Business Licensing Service. Information gets entered through a Secure Access Washington (SAW) account and goes to the LCB.

Once the LCB receives your application, a cannabis license investigator will contact you to verify the application information, ask specifics pertaining to your proposed business, and answer any questions you may have about the application process.

In Chapter 4, Create a Cannabis Business Plan, we'll provide information about the set of documents you'll need for the application to be processed.

Working with the LCB

After your business is licensed and running, you will have an ongoing relationship with the LCB to maintain compliance. There are three key areas where you'll interact with them on a routine basis:

- 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). You can learn about cannabis tax reporting on the LCB website: <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. Online documentation is available, and there are recorded webinars you can watch to learn more. <https://lcb.wa.gov/ccrs>
- Your cannabis retail license must be renewed annually.

In addition to their role in enforcement, LCB offers many resources for applicants and license holders.

- Enforcement Education on their website answers many compliance questions: https://lcb.wa.gov/enforcement/cannabis_licensee_education_materials
- Responsible Cannabis Sales training is available in both PDF and video format: <https://lcb.wa.gov/enforcement/responsible-cannabis-sales>

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

Read the LCB pages about cannabis licensing: <https://lcb.wa.gov/cannabis-license/cannabis-licensing>

Learn about the LCB Social Equity Plan: <https://lcb.wa.gov/se/cannabis-social-equity>

State laws and rules that govern cannabis businesses	
Revised Code of Washington	Washington Administrative Code
RCW 69.50 https://apps.leg.wa.gov/rcw/default.aspx?cite=69.50 You can read it online or download the entire statute in PDF form (139 pages).	WAC 314.55 https://app.leg.wa.gov/WAC/default.aspx?cite=314-55 You can read it online or download all the regulations in PDF form (143 pages).

Office of the Secretary of State (SOS)

Most cannabis businesses are corporations, partnerships, or liability limited companies (LLCs), which are business entities 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.

True Party of Interest

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.

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

There are five steps to registering your business with OSOS:

1. Learn about the pros and cons of each business entity. The Department of Revenue offers a table that compares them. It's called **Washington State Business and Organization Structure Considerations**: <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 SOS website to learn more: <https://www.sos.wa.gov/corporations-charities>.

Another function offered by the SOS is trademark registration for use within the state. *Federal protection is not currently available for cannabis business trademarks, due to Drug Enforcement Administration (DEA) and US Patent and Trademark Office (USPTO) rules.*

Washington State Department of Revenue (DOR)

The DOR is responsible for several important aspects of a retail cannabis business:

- **Business license:** A cannabis license is an endorsement on your Business License issued by the DOR Business Licensing Service. You must complete the DOR Business License Application even if you already have a Business License, along with a Liquor and Cannabis Board Cannabis Addendum.

The Washington State Liquor and Cannabis Board (LCB) will not issue a license to a corporation or LLC that is not registered with the SOS. Be sure to include the UBI number issued by SOS for all license applications and filings.

- **Sales tax:** The DOR administers and collects sales (excise) taxes in Washington State. Cannabis retail stores are required to register with the DOR, collect sales tax, and report sales and taxes collected. Sales tax rates vary by city and county, ranging from 7.7% to 10.6%, and these funds are collected by DOR separately from the cannabis excise tax (37%) collected by LCB.
- **Business & Opportunities (B&O) tax:** The DOR collects this gross receipts tax on the value of products, gross proceeds of sale, or gross income of the business.
- **Reseller's Permit:** This permit allows retailers to purchase items for resale without paying sales tax. You can apply for it through the DOR's website.

In addition to information provided on their website, <https://dor.wa.gov>, the DOR offers general and industry-specific webinars, videos, and tax consulting to help business owners at <https://dor.wa.gov/education>.

Washington State Department of Labor & Industries (L&I)

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.

Visit <https://Lni.wa.gov> to learn more.

Payment for Workers' Compensation premiums is collected by DOR.

Washington State Employment Security Department (ESD)

The ESD administers programs that ensure equitable access to resources that improve economic security. These include:

- 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. Learn more at <https://esd.wa.gov>.

Payment for ESD programs is collected by DOR.

Washington State Department of Agriculture (WSDA)

In partnership with the LCB, the WSDA regulates the cultivation and testing of cannabis plants in Washington State. Retail stores must ensure that cannabis products they sell are sourced from licensed producers and processors that comply with WSDA regulations.

The WSDA also makes sure that scales used for commercial transactions meet strict accuracy and technical standards. Package labeling must properly disclose the package contents by weight or volume. The WSDA conducts inspections and investigations that can impact your retail operations.

Learn more at <https://agr.wa.gov>.

Washington State Department of Health (DOH)

The DOH regulates the medical cannabis market in Washington State. The rules for medical cannabis are different from recreational cannabis and are not addressed in this training.

Learn more at <https://doh.wa.gov>.

Washington State Department of Ecology (DOE)

The DOE regulates environmental compliance at the state level and says that "Businesses that handle cannabis wastes must manage and dispose of them properly." In addition to state rules,

federal and local rules may apply, so make sure you have a plan in place to dispose of cannabis waste safely.

Learn more at <https://ecology.wa.gov>.

Washington State Department of Commerce

The Washington State Department of Commerce's mission is to strengthen communities in Washington. They offer help and resources for small businesses including education (like this training), financing, and programs.

Learn about their small business offerings at <https://www.commerce.wa.gov/growing-the-economy/business-services/>.

Their library of entrepreneur resources is available at <https://mystartup365.com/>.

How to get help

All these agencies means a lot of rules to keep track of! But if you're feeling overwhelmed, keep in mind that others have done this before, and help is available. This is one of the reasons we recommend that you set up your own compliance team. The state also offers an information center to help with compliance questions.

Business.wa.gov: Start here with your business compliance questions.

"Our Information Center is available **Monday through Friday, 8 AM through 4:30 PM**. We are friendly, eager to help and knowledgeable about regulations. We have **team members that have owned and operated businesses** and some that have **worked for regulating agencies**. If we do not have the answer we collaborate with dozens of subject matter experts that do. Contact us and we will assist you with your questions, we really want you to succeed."

Members of all the different agencies and departments have contributed to this program with small business owners in mind. They offer clear explanations and answers organized by business function. If you don't see the answer, you can talk to someone by text, chat, email, or phone.

In addition, all state agencies have people and programs to help you remain compliant. You'll find phone numbers and email addresses on their websites, but we wanted to highlight four examples of programs that offer one-on-one assistance:

LCB Social Equity Case Manager

The Social Equity Case Manager's role is to serve as a liaison between the Social Equity applicants and LCB. This person assists with program needs as they come up to help with the successful implementation and licensure of applicants.

LCB Cannabis Consultation

"The Washington State Liquor and Cannabis Board (LCB) recognizes that cooperative partnerships with licensees that emphasize the exchange of information and assistance before the imposition of penalties is key to mutual success. The agency strives to provide all licensees with the necessary knowledge and tools to achieve greater

compliance with state laws and rules. To help accomplish these key goals, LCB developed a Cannabis Consultation as part of our outreach efforts."

You can meet with a cannabis consultant and get one-on-one answers through this program. It's limited to once a year, but each consultation includes a time period to address any issues without a penalty.

L&I's Consultation Program

"L&I's Consultation Program offers confidential, no-fee, professional advice and assistance to Washington businesses. These services can help you find and fix hazards in your workplace and strengthen your safety program."

A Safety and Health Consultation helps you remain compliant under WISHA, and you'll be given time to address issues. The Department of Safety and Health (DOSH) states: No fines or penalties will result from issues uncovered during a consultation.

Worker's Compensation Account Manager

When your state business license indicates that you are hiring employees, L&I will assign your application to an account manager. This person will provide a lasting point of contact for your business and can answer your questions about Worker's Compensation.

Advocacy groups are another resource

There are advocacy groups that represent your business at all levels of government. This is an excellent way to stay informed about changes to the law.

Not only will they let you know when laws change, they'll let you know *beforehand*, about what changes are proposed. That allows you to make your voice heard about possible impacts to your business and your community, and to get ready for possible changes to your business operations.

Resource: State compliance checklist

In the course resources, we've provided a checklist that you can use to keep track of the agencies and rules that apply to your business.

5. Federal Compliance

There's one more jurisdiction we need to cover, and that is the federal government. There are many resources available from the federally-funded Small Business Administration (SBA) to help you set up a federally-compliant business. Explore everything they offer at [sba.gov](https://www.sba.gov), or go to <https://www.sba.gov/business-guide/manage-your-business/stay-legally-compliant> to focus on legal compliance.

In this section, we'll provide an overview of key agencies you need to know about.

Drug Enforcement Administration (DEA)

The DEA enforces federal drug laws, including the Controlled Substances Act (CSA), which covers cannabis.

Since 1970, cannabis has been classified as a schedule I controlled substance, which designates it as having a high likelihood of abuse and no accepted medical use in the United States.

Despite this, dozens of states have legalized it for medical and recreational use, putting their laws in conflict with federal law.

On May 21, 2024, the Biden administration moved to transfer cannabis from schedule I of the Controlled Substances Act (“CSA”) to schedule III. This began a public comment period, after which cannabis may be reclassified. That will cause a ripple of effects to rules for departments such as the Department of Justice and the IRS.

If reclassified, the DEA will still maintain authority to enforce federal laws related to cannabis cultivation, distribution, and possession.

Mitigating DEA risk

DEA rules represent the most risk to your business operations. There are four things you can do to mitigate this risk:

1. Maintain compliance at the state and local levels and with other federal agencies (such as the IRS).
2. Keep accurate records of all business transactions.
3. Monitor rules and laws at the federal level, so you can adapt your business to changes.
4. Join an advocacy group, such as the Minority Cannabis Business Association or the National Cannabis Industry Association.

Learn more at <https://dea.gov>.

Internal Revenue Service (IRS)

One of the first things you'll do when you set up your business is get a federal tax identification number, called an EIN, from the IRS. This is like a social security number for a business entity, and you can apply for one online at <https://www.irs.gov/businesses/small-businesses-self-employed/employer-id-numbers>. You'll need it to set up bank accounts and pay taxes. It's separate from your UBI number, which you received from the state of Washington and will often be requested along with your UBI.

Your retail cannabis business is always subject to federal tax laws, which are administered by the IRS.

This includes business taxes, payroll taxes for your employees, and reporting on payments, such as those made to independent contractors. The IRS has very specific rules around how to calculate your tax obligations and when your payments are due.

Learn more at <https://irs.gov>.

How to get help

For a cannabis retail business, it's extremely important to work with an accountant who is experienced in cannabis retail operations and who stays on top of changes to regulations. A payroll service is also valuable, to make sure your withholding and benefit administration are compliant.

The Internal Revenue code prohibits businesses engaged in the trafficking of controlled substances from deducting ordinary business expenses for federal tax purposes, except for cost of goods sold. This is true as long as cannabis is classified as schedule I under the CSA. Your

accountant will help you understand what's deductible now and how that will change if the rule changes after July 22, 2024.

To stay abreast of changes in federal law, follow cannabis industry trade associations and subscribe to industry publications.

For questions about how the law impacts your specific business, talk to an attorney who has current experience in the Washington state cannabis industry.

U.S. Department of the Treasury

As of January 1, 2024, the U.S. Department of the Treasury requires that businesses file a Beneficial Ownership Information report, which is designed to provide transparency about who owns and benefits from an LLC or a corporation. This is a free, one-time federal requirement that can be completed online. Go to <https://fincen.gov/boi> to learn more.

Resource: Federal compliance checklist

In the course resources, we've provided a checklist that you can use to keep track of the federal rules that apply to your business.

6. Create a culture of compliance

You have just gathered a lot of information about rules at the local, state, and federal levels. To minimize risk, you need to set up a business with a compliant structure and develop compliant processes to run it.

In Chapter 1, we covered the importance of culture, which is the way a group of people does things. It includes the systems of knowledge shared by this group, the values, beliefs, attitudes, and roles individuals take within the group.

You can use what you've just learned to **create a culture of compliance**. That means that everyone involved with your store will see and experience a compliant business.

Culture in general shows up in three ways: **artifacts**, **behavior**, and **underlying values**. We break that down *with the following examples related to cannabis business compliance*.

Artifacts	Behavior	Underlying values
<i>The "stuff" of your organization</i>	<i>Behaviors and actions we can see and experience</i>	<i>Attitudes and assumptions we experience but don't see</i>
<input type="checkbox"/> LCB posters on the sales floor <input type="checkbox"/> L&I posters in the breakroom <input type="checkbox"/> Packaging that complies with LCB and WSDA laws <input type="checkbox"/> Compliant floor plan and parking plan filed with the city	<input type="checkbox"/> Sales staff checks IDs <input type="checkbox"/> Staff members ask questions to verify that they are operating correctly <input type="checkbox"/> Timely CCRS filings <input type="checkbox"/> Regular meetings with an accountant to go over tax payments	<input type="checkbox"/> Value placed on compliance <input type="checkbox"/> Beliefs about the risk of non-compliance <input type="checkbox"/> Habits around paying fees and taxes <input type="checkbox"/> Assumptions about what you can "get away with"

Artifacts	Behavior	Underlying values
<input type="checkbox"/> Clear and up-to-date sales records <input type="checkbox"/> Training materials that ensure all staff members learn about compliance	<input type="checkbox"/> Conversations and meetings about the compliant way to do things <input type="checkbox"/> Reading industry news about changes to cannabis laws <input type="checkbox"/> Learning about compliance (in other words, what you are doing right now!)	
YOUR CULTURE What is missing? What could you do to strengthen your culture of compliance?		

The goal is to create alignment between these three ways that culture shows up. The “stuff” of your organization and people’s behaviors should reflect your values.

Ten Minute Activity

- Think about your store's compliance culture. What words come to mind?
- Review each of the three ways that culture shows up within an organization. Circle any items listed that you think you could work on.
- In the blank space, add any elements that are missing. Make notes about how you could strengthen and communicate your store's culture of compliance.

What you have decided about your compliance culture will go into your business plan and your operations plan.

7. Steps to register a new business

If you are ready to move forward, you can register a new business using the following steps.

Step	Who/Where	Jurisdiction
1. Decide on the type of business. https://dor.wa.gov/open-business/choose-ownership-structure/compare-business-structures	You and your advisors	N/A
2. Submit documents of origination. Wait to receive a UBI. https://www.sos.wa.gov/corporations-charities	Office of the Secretary of State	State
3. Apply for a business license with a cannabis endorsement. https://dor.wa.gov/open-business	Department of Revenue	State
4. Apply for an Employer Identification Number (EIN). https://ein-taxfiling.com/	IRS	Federal
5. File your federal Beneficial Ownership Information Report (BOI) within 30 days of registering your business. https://boiefiling.fincen.gov/	U.S. Treasury's Financial Crimes Enforcement Network (FinCEN)	Federal

Resource: Steps to set up a new business

In the course resources, we've provided a handout that you can use to keep track of these steps, along with more information about areas to address when starting a new business.

Check-in and reflection

Pause here to reflect on what you've learned about compliance. What areas do you want to explore more thoroughly? We've provided some links to additional resources at the end of this section.

Let's review what you are able to do related to starting a compliant cannabis business:

- ☐ You can explain how local laws influence the setup and operation of a fully-compliant Washington State cannabis retail store.
- ☐ You can identify Washington state agencies that regulate your business.
- ☐ You can identify Washington state agencies that provide resources for your business.
- ☐ You can describe how differences between federal and state laws influence business risk.
- ☐ You can find information about local, state, and federal rules that impact your business.
- ☐ You can establish a business structure that complies with local, state, and federal rules.

Resources

Local jurisdictions

LCB License Allotment Details

<https://lcb.wa.gov/se/allotment-details>

Municipal Research and Services Center (MRSC)

<https://mrsc.org/research-tools/washington-city-and-town-profiles>

Washington State compliance

Washington state business compliance resources:

<https://Business.wa.gov>

Revised Code of Washington:

RCW 69.50

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

Washington Administrative Code:

WAC 314.55

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

Liquor and Cannabis Board

<https://www.lcb.wa.gov>

Office of the Secretary of State

<https://www.sos.wa.gov>

Department of Revenue

<https://dor.wa.gov>

Department of Labor & Industries

<https://lni.wa.gov>

Employment Securities Department

<https://www.esd.wa.gov>

Department of Health

<https://www.doh.wa.gov>

Department of Ecology

<https://www.ecology.wa.gov>

Washington State Department of Agriculture

<https://agr.wa.gov>

Department of Commerce

Small business:

<https://www.commerce.wa.gov/growing-the-economy/business-services>

Entrepreneur resources:

<https://mystartup365.com>

Federal compliance

SBA compliance resources

<https://www.sba.gov/business-guide/manage-your-business/stay-legally-compliant-to-focus-on-legal-compliance>

Internal Revenue Service

<https://irs.gov>

Drug Enforcement Agency

<https://dea.gov>

Department of the Treasury

<https://fincen.gov/boi>

Worksheets and checklists

1. Jurisdiction worksheet
2. Local compliance checklist
3. State compliance checklist
4. Federal compliance checklist
5. Compliance culture checklist
6. Steps to set up a business
7. Summary and next steps