

Liquor and Cannabis Board issues licenses to produce, process, or sell cannabis

In 2012, Washington citizens legalized the sale of recreational cannabis (Initiative 502). The initiative authorized the Liquor and Cannabis Board (LCB) to issue producer, processor, and retailer licenses.

- Producers grow, harvest, and prepare cannabis for wholesale. Each license sets the maximum square footage a producer can dedicate to growing cannabis. This area is called the canopy. It includes plants, space for light and watering, walkways, and other space dedicated to plant production.
- Processors convert harvested cannabis into various products, including useable cannabis, edibles, concentrates, and topicals.
- Retailers sell these products to customers.



JLARC directed to examine whether current levels of cannabis production align with market demand and capacity

The Legislature created the Social Equity in Cannabis Program in 2020 and amended it in 2023 (SB 5080). It aims to reduce barriers of entry for individuals and communities that were most adversely affected by the enforcement of cannabis prohibition laws. Under the program, the LCB may issue a set number of new producer, processor, and retailer licenses to applicants that meet certain criteria (i.e., social equity applicants).

SB 5080 also directed JLARC to review LCB's previous canopy studies and examine whether current levels of production align with market demand and capacity.

This study will address the following questions

Study questions define the scope of the audit, based on the study mandate. They reflect preliminary outreach, research, and analysis of potential racial equity considerations per RCW 44.28.076.

1. How does cannabis production compare to market demand and capacity?
 - a. How much canopy is licensed and how much cannabis is produced?
 - b. How much cannabis do retailers sell?
 - c. What is the demand for cannabis in Washington?
2. What is the estimated impact on the cannabis market of the ten new producer licenses issued under the Social Equity in Cannabis Program?
 - a. What is the estimated impact on equity in the cannabis industry?
3. What information is available about other factors that could affect the viability of and equity in the cannabis industry?

Study timeframe

Preliminary Report: May 2025

Proposed Final Report: July 2025



PROPOSED STUDY QUESTIONS Cannabis Market Study

State of Washington Joint Legislative Audit and Review Committee

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Study team

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JLARC Study Process

