



Washington State Liquor Control Board

Washington State Liquor Control Board Meeting

Wednesday, April 30 2014, 10:00 a.m.
LCB Headquarters Building
3000 Pacific Avenue SE, Olympia WA 98501

Meeting Minutes

1. CALL TO ORDER

Chair Sharon Foster called the regular meeting of the Washington State Liquor Control Board to order at 10:00 a.m. on Wednesday, April 30, 2014. Member Ruthann Kurose and Member Chris Marr were also present.

2. APPROVAL OF MEETING MINUTES

MOTION: Member Kurose moved to approve the April 23, 2014, meeting minutes.

SECOND: Member Marr seconded.

ACTION: Motion passed unanimously.

3. ACTION ITEMS (A-B)

ACTION ITEM 3A - Board Adoption of (CR 103) for Revisions to Current Marijuana Rules

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUTS 1-4). She provided a brief background and noted that revisions to current marijuana rules are needed to provide additional clarity for marijuana license applicants and potential licensees. Staff have received many questions from applicants on some the marijuana rules. Additional clarity in the rules will assist applicants in better understanding the rules.

Ms. McCall noted that there were no public comments received during the public hearing held on April 23, 2014. She reviewed three comments that were received via email including two that oppose the prohibition on marijuana infused products that require refrigeration or freezing. The LCB responded to these two constituents noting that the Board received information from the Department of Health (DOH) that marijuana infused products requiring refrigeration or freezing may be potentially hazardous and create a public safety risk.

Proposed Changes

Amended Section: WAC 314-55-075 - What is a marijuana producer license and what are the requirements and fees related to a marijuana producer license? Clarified what activities a marijuana producer is allowed to do conduct under the license, such as, harvest, trim, dry, cure, and package marijuana into lots for sale to marijuana processors and other marijuana producers.

Amended Section: WAC 314-55-077 - What is a marijuana processor license and what are the requirements and fees related to a marijuana processor license? Added language to clarify that a marijuana processor must accept return of products and sample jars from a marijuana retailer for destruction. They are not required to provide refunds to the retailer.

Amended Section: WAC 314-55-079 - What is a marijuana retailer license and what are the requirements and fees related to a marijuana processor license? Added language to clarify that internet and delivery or product "to customers" is prohibited. Added language that a marijuana retailer may transport product to other marijuana retail businesses they own and operate but they must follow the transport rules. Marijuana retailers may not accept return of product that has been opened.

Amended Section: WAC 314-55-084 - Production of marijuana. Section 1 was removed. The language was no longer needed because the Department of Agriculture has posted a list on their website that lists the soil amendments, fertilizers, pesticides, and other crop aides that may be used in the production of marijuana.

Amended Section: WAC 314-55-085 - What are the transportation requirements for a marijuana licensee? Added language to provide information about the transporting vehicle and clarified the transport manifest must be completed on a form provided by the board. Added certified testing labs as entities allowed to transport marijuana and marijuana infused products.

Amended Section: WAC 314-55-089 - What are the tax and reporting requirements for marijuana licensees? Added language to clarify that a marijuana producer must pay the 25% marijuana excise tax on sales to another producer.

Amended Section: WAC 314-55-092 - What if a marijuana licensee fails to pay or report, or reports or pays late? Added language to clarify how the board will determine if a payment or report is late if there is no postmark.

Amended Section: WAC 314-55-104 - Added language to clarify the use of a closed loop extraction system and define the requirements of a closed loop extraction system.

Amended Section: WAC 314-55-105 - Packaging and labeling requirements. Added the word "infused" to marijuana products. Removed language that allowed marijuana retailers to destroy sample jars of marijuana. The sample jars must be returned to the marijuana processor for destruction.

Ms. McCall requested approval from the Board to adopt the revisions.

Member Marr appreciated the statements made by DOH and stated that it is important to rely on agencies that offer their respective expertise. He asked that LCB staff follow up with DOH to obtain a formal statement regarding their concerns.

Ms. McCall will follow up with DOH.

MOTION: Member Kurose moved to adopt the (CR 103) for Revisions to Current Marijuana Rules.

SECOND: Member Marr seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3B - Board Approval to Amend the Delegation of Threshold Decisions on Liquor Licensing

Alan Rathbun, Licensing & Regulations Director, began the briefing with the Proposed Delegation of Authority (HANDOUT 1). He provided a brief background noting that the original delegation of authority was approved on November 6, 2012. He brought forward (3) minor proposed amendments including:

- Trade Area Determinations
- Failure to pay spirit taxes to DOR for non-tribal licensees
- Failure to pay spirit fees to the LCB for non-tribal licensees

Mr. Rathbun stated that these areas of determination could be aligned with the Licensing & Regulations Compliance Policy Manager rather than under his authority and requested approval from the Board to amend the delegation of authority.

Member Kurose stated that these are appropriate delegations.

MOTION: Member Kurose moved to amend the Delegation of Threshold Decisions on Liquor Licensing.

SECOND: Member Marr seconded.

ACTION: Motion passed unanimously.

4. WEEKLY MARIJUANA LICENSING UPDATE

Becky Smith, Marijuana Licensing & Regulations Manager, provided the following updates on issued licenses, inspections, plant canopies and the lottery.

Issued Licenses

(25) licenses have been issued (increase of 5):

- 20 Producer/Processor and 5 Producer
- 0 licenses are pending final processing by CS
- 2 licenses are pending payment
- Plant Canopy - Licensed (215,378) Including licenses pending payment (238,878)

Counties

- Benton 2
- Chelan 2
- Clallam 2
- Clark 1
- Kink 4
- Kitsap 2
- Klickitat 2
- Lincoln 1
- Mason 1
- Pierce 1
- Snohomish 1
- Spokane 6

Final Inspections

(54) applications have been referred to Enforcement for final inspections:

- 28 are complete
- 2 need follow up inspection
- 11 are scheduled for inspection
- 12 are waiting for applicant to finish build
- 1 are awaiting scheduling

(7) more applications will be referred to enforcement for final inspection this week.

Retail Lottery

Lottery is complete and we are preparing to send letters announcing results to applicants.

She also noted that Numerica Credit Union Bank has begun to accept applications from marijuana applicants if the applicants live in the Spokane area. They will do inspections and then bring the application packets to their committee for review and approval.

5. EMPLOYEE ANNOUNCEMENTS

State Service Recognition - Mike Kashmar, CFO

Mr. Kashmar recognized Robin Thompson, Fiscal Analyst, for 20 years of incredible state service. He stated that Ms. Thompson spent her entire 20 year state career with the Liquor Control Board. She began at Centralia liquor store, part time, four hours a week and promoted to the Finance Division after two years as store clerk, where she currently serves as a Fiscal Analyst in Beer & Wine Tax Collection. She was born and raised in Washington and her interests outside of work include landscape design, gardening, painting, decorating, and spending time in her art studio. She lives her life by the philosophy that "you must learn a new way to think before you can master a new way to be."

Mr. Kashmar then presented Ms. Thompson with her 20 year service pin.

Ms. Thompson said it has been a great journey and she would change very little. She has learned a lot and grown a lot.

The Board congratulated her on 20 years of success.

6. NEW BUSINESS/OLD BUSINESS

Member Marr stated that there have been concerns raised, resulting from recent news from Colorado regarding marijuana edibles. Colorado has had (2) recent deaths associated with high doses of marijuana. He invited Deputy Director, Randy Simmons, to come forward to clarify where Washington guidelines stand compared to Colorado.

Deputy Director, Randy Simmons, stated that Colorado is on a different path than Washington as they are starting their label requirements with the recreational marijuana side. Colorado is using Washington's language for their recreational serving size guidelines. Currently Colorado does not have serving restriction on the medical marijuana side.

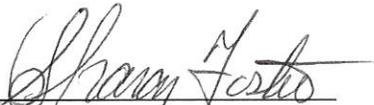
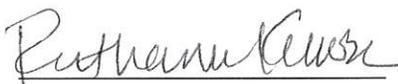
In Washington the issue still exists in the medical marijuana market as there are currently no requirements for serving sizes on packaging. You could unknowingly purchase a cookie with a large dosage which could be of concern, especially if it gets in the hands of children.

Chair Foster invited citizens to address the Board regarding any issue(s) related to LCB business. No one came forward.

ADJOURN

Chair Foster adjourned the meeting at 10:25.

Minutes approved this 14th day of May, 2014

		
Sharon Foster Board Chair	Ruthann Kurose Board Member	Chris Marr Board Member

Minutes Prepared by: Maureen Malahovsky, Confidential Secretary to the Board

LCB Mission
Promote public safety by consistent and fair administration of liquor and cannabis laws through education, voluntary compliance, responsible sales and preventing the misuse of alcohol, cannabis and tobacco.

Complete meeting packets will be available online following each meeting: <http://www.liq.wa.gov/board/board-information>