



## Washington State Liquor Control Board Meeting

Wednesday, June 25, 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, June 25, 2014. Member Ruthann Kurose and Member Chris Marr were also present.

#### 2. APPROVAL OF MEETING MINUTES

MOTION: Member Kurose moved to approve the June 11, 2014, meeting minutes.

SECOND: Member Marr seconded.

ACTION: Motion passed unanimously.

#### 3. ACTION ITEMS (A-C)

##### **ACTION ITEM 3A - Board Approval of Revised Interim Policy for Distillery & Craft Distillery Changes**

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUT 3A1). She provided a brief background noting that this is a result of SSB 6226, which passed during the 2014 legislative session creating changes in the Distillery and Craft Distillery Licenses. An interim policy is required until permanent rules are adopted by the Board. The revisions reflect errors that were made in the previous interim policy.

Ms. McCall requested approval from the Board to revise the interim policy.

MOTION: Member Kurose moved to approve the Revised Interim Policy for Distillery & Craft Distillery Changes.

SECOND: Member Marr seconded.

ACTION: Motion passed unanimously.

### **ACTION ITEM 3B - Board Approval of Revised Interim Policy for Changes to Marijuana Licenses**

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUT 3B1). She provided a brief background noting that this is a result of ESHB 2304, which passed in the 2014 legislative session creating changes in the Marijuana Processor and Retail Licenses. An interim policy is required until permanent rules are adopted by the Board. The revisions reflect errors that were made in the previous interim policy.

Ms. McCall requested approval from the Board to revise the interim policy.

**MOTION:** Member Kurose moved to approve the Revised Interim Policy for Changes to Marijuana Licenses.

**SECOND:** Member Marr seconded.

**ACTION:** Motion passed unanimously.

### **ACTION ITEM 3C - Board Adoption Emergency Rules for Recreational Marijuana**

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUTS 3C1-4). She provided a brief background noting that the emergency rules are needed to clarify the types of marijuana-infused products the Board will allow marijuana processor to produce and marijuana retailers to sell to consumers. The emergency rules also include a requirement for the Board to approve all marijuana-infused products, packaging, and labeling, and clarification on the security and surveillance requirements at a marijuana licensed premises.

The emergency rules are necessary for the preservation of the public health, safety, and general welfare. The rule becomes effective upon filing with the Code Reviser's Office and will expire October 23, 2014, 120 days after filing.

The emergency rules will become part of the permanent rulemaking the Board opened on June 11, 2014, which also includes revisions to marijuana rules in chapter 314-55 WAC which will include this rule as well as rules to implement 2014 legislation.

Member Kurose stated that this is consistent with paramount responsibility of safety, public health and keeping kids safe. It is important to move forward and reinforce the good work of our staff completed. She added that this is on the same track as the Governor's Office.

Ms. McCall requested approval from the Board to adopt the emergency rules.

**MOTION:** Member Name moved to adopt Emergency Rules for Recreational Marijuana.

**SECOND:** Member Name seconded for purposes of discussion.

**DISCUSSION:** Member Marr stated that we need to move forward cautiously with label and product review and approval to ensure we do not cause delays in the process. He suggested that concerns are addressed quickly and stressed the importance of providing clarity. He acknowledged that LCB staff resources need to be identified and carefully considered.

Chair Foster asked that staff report back to the Board with recommendations within two weeks for their consideration.

Member Marr asked that notice of the direction of the two week timeline be posted on the LCB website for those that do not follow the activities of Board meetings.

Ms. McCall said she would also include the two week timeframe in her timeline prior to posting her official notification.

ACTION: Motion passed unanimously.

#### **4. MARIJUANA LICENSING UPDATE**

Becky Smith, Marijuana Licensing & Regulations Manager, provided the weekly marijuana licensing update with the following highlights:

##### Issued Licenses (as of 9:00 am June 25, 2014)

- 79 licenses have been issued (Increase of 10 from last week)
  - 60 Producer/Processor
  - 16 Producer
  - 3 Processor
- 14 licenses are pending payment
  - 11 Producer/Processor
  - 2 Producer
  - 1 Processor
- Plant Canopy
  - Licensed - 567,744 square feet
  - Including licenses pending payment or final processing - 708,794 square feet

##### Final Inspections

- 143 applications have been referred to Enforcement for final inspections
  - 100 are complete
  - 3 needs follow up inspection
  - 24 are scheduled for inspection
  - 16 are waiting for applicant to finish build
- 17 more applications will be referred to enforcement for final inspection this week

##### Producer, Processor, Producer/Processor

- 2284 applications have been assigned
- 19 Licensing Investigators
  - 13 Investigators working just non-retail files
  - 1 Investigator working primarily retail files
  - 5 Investigators are working both retail and non-retail files
- Average case load of 120 per Licensing Investigator (open/active applications)
- 588 applications have not yet been assigned to an Investigator

Retail Applications

- 285 Retail applications have been assigned to 6 investigators
- 37 retail applications have been sent for final inspection
  - 2 have passed final inspection, but not licensed yet

Member Marr stated that we accomplished good geographical dispersion.

**5. NEW BUSINESS/OLD BUSINESS**

No new or old business was reported.

Chair Foster invited citizens to address the Board regarding any issue(s) related to LCB business.

Jim Hendrik - Represents the Washington Distillers Guild

Mr. Hendrik thanked the Board for adopting the Interim Policy for Distillery & Craft Distillery. He also referenced a phrase in the Policy Statement on Page 2 regarding contract productions. He noted that the phrase "...and for export from the state" may imply that a contracted product between two distillers can only be sold for out of state purposes once it is produced. He did not think that was the intent of the statement and he will discuss this with Ms. McCall.

**ADJOURN**

Chair Foster adjourned the meeting at 10:40.

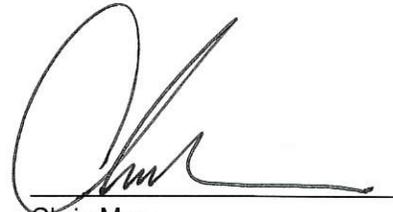
Minutes approved this 9<sup>TH</sup> day of July, 2014



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 are available online: <http://www.liq.wa.gov/board/board-information>