



Washington State Liquor Control Board

Washington State Liquor Control Board Meeting

Wednesday, November 5, 2014, 10:00 a.m.
LCB Headquarters - Board Room
3000 Pacific Avenue SE, Olympia WA 98501

Meeting Minutes

1. CALL TO ORDER

Member Chris Marr called the regular meeting of the Washington State Liquor Control Board to order at 10:00 a.m. on Wednesday, November 5, 2014. Member Ruthann Kurose was also present. Chair Sharon Foster was absent.

2. APPROVAL OF MEETING MINUTES

MOTION: Member Kurose moved to approve the October 22, 2014, meeting minutes.

SECOND: Member Marr seconded.

ACTION: Motion passed unanimously.

3. PUBLIC HEARINGS (A-B)

PUBLIC HEARING 3A - Public Hearing on Caterer's License

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUTS 3A 1-2). She provided a brief background noting that these rules are needed to implement the flowing legislation passed in the 2014 legislative session: ESHB 2680 - Caterer's License. She noted that the supplemental CR 102 is necessary to proposed rules that clearly meet the intent of the law.

Proposed Changes

New Section: WAC 314-02-112 - What is a caterer's license? Explains the requirements for the caterer's license and the activities allowed under the license. Requires the applicant to hold a "commissary kitchen" license issued by the city or county and the ability to prepare meals.

Member Marr opened the public hearing and invited the first citizen to the podium to provide testimony.

Bruce Beckett - Washington Restaurant Association

Mr. Beckett thanked the Board and the LCB team for their hard work on the rules and noted that they fully support the proposed draft.

Member Marr closed the public hearing and thanked everyone for their input.

PUBLIC HEARING 3B - Public Hearing on Wine & Cider Growlers & Multiple Licenses Under the Entity at a Single Location

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUTS 3B 1-5). She provided a brief background noting that the rules are needed to implement the following legislation passed in the 2014 legislative session: SHB 1742 - Wine Growlers and SSB 6442 - Cider Growlers. She noted that comments received from stakeholders on the proposed rules promoted the revisions to the proposed rules.

Ms. McCall informed the Board that she had provided an incorrect copy for meeting distribution but the correct copy had been sent to the Code Reviser's Office for filing.

Proposed Changes

Revised Section: WAC 314-02-015 - What is a spirits, beer, and wine restaurant license? Added language that a licensee holding an endorsement to sell kegs of malt liquor can also sell cider for off-premises consumption in a sanitary container brought to the premises by the purchaser or furnished by the licensee and filled at the tap by the licensee at the time of sale.

Revised Section: WAC 314-02-041 - What is a hotel license? Added language that a hotel licensee can sell cider for off-premises consumption in a sanitary container brought to the premises by the purchaser or furnished by the licensee and filled at the tap in the restaurant area by the licensee at the time of sale.

Revised Section: WAC 314-02-045 - What is a beer and/or wine restaurant license? Added language that a licensee holding an off-premises endorsement can sell cider for off-premises consumption in a sanitary container brought to the premises by the purchaser or furnished by the licensee and filled at the tap by the licensee at the time of sale.

Revised Section: WAC 314-02-070 - What is a tavern license? Added language that a licensee holding an off-premises endorsement can sell cider for off-premises consumption in a sanitary container brought to the premises by the purchaser or furnished by the licensee and filled at the tap by the licensee at the time of sale.

Revised Section: WAC 314-02-105 - What is a beer and/or wine specialty store? Added language that a licensee with an endorsement to sell beer in sanitary containers for off-premises consumption may also sell cider in sanitary containers brought to the premises by the purchaser or furnished by the licensee or manufacturer and filled at the tap by the licensee at the time of the sale.

Revised Section: WAC 314-20-017 - Brewery and microbrewery retail liquor licenses – Selling kegs and containers. Added language that a brewery or microbrewery holding a spirits, beer, and wine restaurant may sell cider for off premises consumption only in sanitary containers brought to the premises by the purchaser or furnished by the licensee and filled at the tap by the licensee at the time of the sale.

Revised Section: WAC 314-24-160 - Domestic wineries-Retail sales of wine on winery premises-Wine served without charge on premises-Spirits, beer and wine restaurant operation. Added language that a domestic winery may sell wine of its own production in kegs or sanitary containers brought to the premises by the purchaser or furnished by the licensee and filled at the tap at the time of sale.

Revised Section: WAC 314-24-161 - Domestic winery-Additional locations for retail sales only. Added language that an additional location may sell wine of its own production in kegs or sanitary containers brought to the premises by the purchaser or furnished by the licensee and filled at the tap at the time of sale. Also added requirements for a winery additional location that wishes to hold a retail restaurant at the additional location.

Member Marr opened the public hearing and invited the first citizen to the podium to provide testimony. No one came forward for comment.

Jean Leonard - Washington Wine Institute

Ms. Leonard thanked the Board and staff for making the changes they had requested. They support the changes.

Member Marr closed the public hearing and thanked everyone for their input.

4. MARIJUANA LICENSING UPDATE

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

Producer/Processor Applications

- 300 Producer/Processor licenses have been issued
 - 214 Producer/Processor
 - 63 Producer
 - 23 Processor
- 27 licenses are pending payment
- 25 moved to enforcement for inspection
- 32 are waiting for applicant to build

3,181,607 M square feet approved for plant canopy

Change in Applications

Change in operating plan (27 assigned - 2 completed)

Change in governing people (9 assigned - 1 completed)

Add a financier (2 assigned - 1 completed)

Retail Applications

- 78 Retail licenses have been issued
- 9 are pending payment
- 16 moved to enforcement for inspection

5. NEW BUSINESS/OLD BUSINESS

No new or old business was reported.

Member Marr then invited citizens to address the Board regarding any issue(s) related to LCB business.

Dante Jones - Washington Marijuana Association (WMA or WMAJA)

Mr. Jones began his presentation with an issue paper (CITIZEN HANDOUT #1). Mr. Jones first thanked the LCB and Member Kurose for their attendance at their October 30, WMA meeting regarding the I-502 industry. Their members were very excited and appreciated the opportunity to dialog with the LCB. He added that the LCB has a standing invitation to present during their meetings or simply attend.

Mr. Jones then highlighted areas of concern their organization is focusing on:

1. Market Accessibility
 - a. Issues:
 - i. limited access to the wholesale market raising costs
 - ii. lawsuits have begun between licensees as businesses are unable to buy and sell marijuana
 - b. Concerns:
 - i. Price bubbles have inflated and these threaten the business of licensees
 - ii. WMA businesses need a rules solution allowing access and purchase through a shared marketplace
 - c. Answers:
 - i. allow registered 3rd party marketplaces to buy and sell products through tracked purchases
 - ii. Register marketplaces with LCB - these marketplaces will integrate into the LCB accounting ensuring only authorized transactions occur
 - iii. As increased supply enters the market we must ensure fair distribution of product across all businesses
 - iv. This will ease access issues and stabilize wholesale prices across the state
2. Request for Public Records
 - a. Issue:
 - i. There is no records index for regulated data held by the LCB regarding I-502 licensees and applications
 - b. Concerns:
 - i. Licensees and observers do not know which records and items can be requested
 - c. Answers:
 - i. Publish a records index requesting help from the I-502 industry if needed – they offered their assistance

Member Marr noted that the LCB follows the law in what information they are allowed to dispose. He added that the LCB has a robust database that includes harvest levels and shipment pricing. He also noted that LCB staff is creating a *dashboard* to help capture appropriate data to offer publically. He invited WMA to be a part of that data process.

Member Kurose said she appreciated that they want to collaborate with the LCB to produce data that would be beneficial.

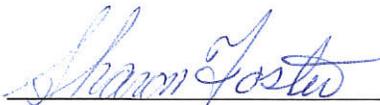
Mr. Jones concluded by noting that the *Washington Cannabis Commission* is a unified voice of advocacy and education representing the cannabis plant in recreational, medical, and industrial uses. He provided the Board with a partial member's list including:

- CCSE
- WMA
- CauseM
- Washington Federation of Marijuana Businesses (WFMB)
- Washington SunGrowers Association
- Washington Marijuana Business Association
- ACLU-Washington
- ASA
- Norml-Washington

ADJOURN

Member Marr adjourned the meeting at 10:25.

Minutes approved this 3 day of December, 2014



Sharon Foster
Board Chair



Ruthann Kurose
Board Member

Not Present

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://lcb.wa.gov/boardmeetings/board_meetings
For questions about agendas or meeting materials you may email maureen.malahovsky@lcb.wa.gov or call 360.664.1717