



## Washington State Liquor Control Board Meeting

Wednesday, March 19, 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, March 19, 2014. Member Ruthann Kurose and Member Chris Marr were also present.

#### 2. APPROVAL OF MEETING MINUTES

MOTION: Member Marr moved to approve the March 12, 2014, meeting minutes.

SECOND: Chair Foster seconded.

ACTION: Motion passed unanimously.

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

##### **ACTION ITEM 3A - Board Adoption of (CR 103) for Additional Rules to Implement I-502**

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUTS 1-5) and provided a brief background noting that during the Board meeting on March 19, 2014, she had requested that the Board approve the final rulemaking (CR 103) for additional rules to implement I-502. The Board was briefed on the rule making background and public comment for this rule making. If approved, Ms. McCall will send an explanation of the rule making to all persons who submitted comments. After sending the explanation, Ms. McCall will file the rules with the Office of the Code Reviser and the effective date of the rules will be 31 days after filing.

##### Proposed Changes

WAC 314-55-083 - What are the security requirements for a marijuana licensee? A revision to subsection 5 (Start-up inventory for marijuana producers) is needed to clarify that the marijuana producer licensee must record each marijuana plant into the traceability within 24 hours of the time the plant is brought into the licensed premises. Additional requirements for key events that are required to be entered into the traceability system were added.

WAC 314-55-102 - Quality assurance testing. Added language to clarify third party testing labs. A revision to subsection 4 is needed to clarify that labs are responsible for any cost to the vendor for validation and ongoing monitoring. Removed the word "accredited" and replaced it with "certified". Clarified that any certified lab with a direct or indirect financial interest in a marijuana producer or processor license must disclose the information to the board by affidavit. Revised the table of quality assurance tests to be performed by certified labs. Added language that requires certified labs to enter test results into the traceability system within 24 hours and also enter into the traceability system the receipt of samples from marijuana producers and processors.

New Section: WAC 314-55-200 - How will the liquor control board identify marijuana, usable marijuana, and marijuana-infused products during checks of licensed businesses? Includes language that identifies how the liquor control board will identify marijuana, useable marijuana and marijuana-infused products during premises checks of licensed marijuana businesses.

New Section: WAC 314-55-210 - Will the liquor control board seize or confiscate marijuana, usable marijuana, and marijuana-infused products? Explains the circumstances under which the liquor control board may seize marijuana, useable marijuana, and marijuana-infused products.

New Section: WAC 314-55-220 - What is the process once the board summarily orders marijuana, usable marijuana, or marijuana-infused products of a marijuana licensee to be destroyed? Explains the process that will be followed once the liquor control board issues an order for marijuana, useable marijuana, or marijuana-infused products to be destroyed.

New Section: WAC 315-55-230 - What are the procedures the liquor control board will use to destroy or donate marijuana, usable marijuana, and marijuana-infused products to law enforcement? Includes the procedure that will be followed if the liquor control board finds product in excess of maximum limits allowed on a marijuana licensed premises at any given time.

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

MOTION: Member Kurose moved to adopt the (CR 103) for Additional Rules to Implement I-502.

SECOND: Member Marr seconded.

ACTION: Motion passed unanimously.

### **ACTION ITEM 3B - Board Adoption of Emergency Rule for 1000 Foot Buffer Measurement**

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUTS 1-2). She provided a brief background noting that the Board approved an emergency rule to revise WAC 314-55-050 on how the 1000 foot buffer for marijuana licenses is measured on November 6, 2013. The rule became effective on November 20, 2013, and expires today, March 19, 2014. A second emergency rule is needed to keep the revision to the rule until the permanent rule becomes effective on April 6, 2014. The permanent rule was adopted by the Board on March 5, 2014.

Ms. McCall then requested approval to file the emergency rule as described above. If approved for filing, the emergency rule will become effective today, March 19, 2014, and expire on April 6, 2014.

MOTION: Member Kurose moved to adopt the Emergency Rule for 1000 Foot Buffer Measurement.

SECOND: Member Marr seconded.

ACTION: Motion passed unanimously.

**ACTION ITEM 3C - Board Approval to File (CR 101) to Extend the Responsible Vendor Program (RVP) to Beer/Wine Licensees**

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUTS 1-2). She provided a brief background noting that during the March 12, 2014, Board meeting Kim Sauer, RVP Supervisor, provided the Board with information and statistics on the RVP. The Board was also asked for approval to open rulemaking to extend the RVP to beer and wine grocery stores. Filing the CR 101 is the first step in the process to add beer and wine grocery stores to the RVP.

The RVP for spirits retailers was established in Initiative 1183. It is a free, self-monitoring, and voluntary program that rewards retailers that take positive steps to ensure alcohol is sold responsibly. We currently offer the RVP only to spirits retailers. More than 65% of the spirits retailers have joined the program. Since 2012, more than 65% of the spirits retailers have joined the program and have produced the highest compliance rates at 93% compared to 79% by beer and wine grocery store licensees.

The components of the RVP include the following actions by the licensee:

- Establish and enforce an in-house alcohol policy.
- Post signs to deter illegal purchases by patrons.
- Train employees on responsible liquor sales such as acceptable forms of ID, how to check ID, and consequences of selling alcohol illegally. Employee training is required annually.
- Maintain employee training records for inspection.
- Post the RVP member certificate at the main entry of the premises.

There are more than 5,000 beer and wine grocery store licensees. Making the RVP available to this large number of retailers is a positive step to ensure alcohol is sold responsibly.

Process

The rule making process begins by announcing LCB's intent to change the existing rule by filing a CR 101 form. This allows staff and stakeholders to begin discussing necessary rule changes. At the CR 101 stage of the process no proposed language is offered. The public may comment on the subject of this rulemaking during the designated comment period. Notice will be sent to all who have indicated that they want to receive notice of rule changes. The notice will identify the public comment period and where comments can be sent. Based on public input received, staff will draft proposed changes for presentation to the Board at the next phase of the rule making process.

Timeline

March 19, 2014	Board is asked to approve filing the pre-proposal statement of inquiry (CR 101)
April 2, 2014	Code Reviser publishes notice - LCB sends notice to rules distribution list
April 2, 2014	End of written comment period

May 7, 2014	Board is asked to approve filing the proposed rules (CR 102 filing)
May 21, 2014	Code Reviser publishes notice - LCB sends notice to rules distribution list
June 11, 2014	Public hearing held
June 11, 2014	End of written comment period
June 18, 2014	Board is asked to adopt rules
June 18, 2014	Agency sends notice to those who commented
June 18, 2014	Agency files adopted rules with the Code Reviser (CR 103)
July 19, 2014	Rules are effective (31 days after filing)

Ms. McCall then requested approval to file the pre-proposal statement of inquiry (CR 101).

Member Kurose expressed her appreciation for Ms. Sauer's hard work on the RVP and stated that this process is well aligned with LCB's public safety mission.

MOTION: Member Kurose moved to approval filing (CR 101) to extend the Responsible Vendor Program to beer/wine licensees.

SECOND: Member Marr seconded.

ACTION: Motion passed unanimously.

**ACTION ITEM 3D - Board Approval to Amend Squaxin Island Tribe Memorandum of Agreement**

Sharon Hendricks, Compliance & Policy Coordinator, began the briefing with a copy of the current Memorandum of Agreement (MOA) (HANDOUT 1). She provided the background of the (MOA) between the LCB and the Squaxin Island Tribe. Within the agreement is the potential for the tribe to request to add a new liquor service location.

On February 3, 2014, the Squaxin Island Tribe requested to add a new liquor service location in Thurston County at a location called Frank's Landing, where they desire to sell beer and wine off premises. As this location is in a different county than the original footprint of the MOA (located in Mason County) the LCB requested the tribe make contact with the Thurston County Commissioner's Office, which they did. In addition the LCB sent a courtesy notification to the Thurston County Commissioner's Office per one of the requirements of the MOA. The tribe took the extra step of notifying the LCB that there was a school nearby (Wa He Lut Indian School) and provided us with a signed and dated letter from the school stating their awareness of the request to sell beer and wine at Frank's Landing, and that they had no objection to this.

Ms. Hendricks stated that the tribe has met all of the requirements set by the MOA for this type of request and she recommended that the Board approve the request and sign the MOA amendment.

MOTION: Member Kurose moved to approve the amendment to the Squaxin Island Tribe Memorandum of Agreement.

SECOND: Member Marr seconded.

ACTION: Motion passed unanimously.

#### 4. WEEKLY MARIJUANA LICENSING UPDATE

Becky Smith, Marijuana Licensing & Regulations Manager, highlighted the following weekly updates:

##### Licenses Issued

- 4 licenses have been issued
- 1 license is pending payment
- Total plant canopy is 33,264 (including pending licenses)

##### Final Inspections

- 21 applications have been referred to Enforcement for final inspections:
  - 6 are complete
  - 2 need follow up inspections
  - 4 are scheduled
  - 9 are awaiting scheduling
  - 5 more that will be sent forward this afternoon for final inspection

##### License Actions Posting on LCB Website

- List of frequently requested list page is update to indicate license issuance
- Marijuana license actions post to the "New Liquor License Actions"

#### 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.

##### Mary McKnew - Citizen/Attorney for Disability Law

Ms. McKnew was representing marijuana producer/processor license applicants with disability concerns. She said she has been speaking with LCB staff regarding blind applicants being able to use the traceability system via a reading program. She explained that this would not be a small fix for the system and she encouraged the Board to address this issue before the applicants face extreme delays. She said she was involved during the development of the system a year ago and would be happy to assist with the process.

Chair Foster thanked her and suggested she speak with Deputy Director, Randy Simmons, who has recently provided briefings to the Board on this matter.

##### George Naphler - Owner of a Former State Liquor Store

Mr. Naphler informed the Board that he read that there is a group of (6) applicants in Vancouver attempting to obtain a liquor license to operate inside of a Walmart store and he expressed concern about that.

The Board assured Mr. Naphler that Walmart would not be able to obtain a second liquor license.

Jeff Gilmore - Citizen/MJ Applicant

Mr. Gilmore expressed concern about the lengthy marijuana licensing application process. He has been preparing his property since December 2013 for a producer/processor license and has everything in place and his staff are very eager to begin producing/processing. He asked if the Board had any idea when he might be receiving his license and begin operating?

The Board asked Mr. Gilmore to continue being patient noting that the process is complicated but the process is gaining momentum.

**ADJOURN**

Chair Foster adjourned the meeting at 10:40.

Minutes approved this 2nd day of April, 2014



Sharon Foster  
Board Chair



Ruthann Kurose  
Board Member



Chris Marr  
Board Member

**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>