



## Washington State Liquor Cannabis Board Meeting

Wednesday, March 8, 2017, 10:00 a.m.  
LCB Headquarters - Boardroom  
3000 Pacific Avenue SE, Olympia WA 98501

### Meeting Minutes

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#### 1. CALL TO ORDER

Chair Jane Rushford called the regular meeting of the Washington State Liquor and Cannabis Board to order at 10:00 a.m. on Wednesday, March 8, 2017. Member Ollie Garrett and Member Russ Hauge were also present.

#### 2. APPROVAL OF MEETING MINUTES

MOTION: Member Garrett moved to approve the February 8, 2017, meeting minutes.

SECOND: Member Hauge seconded.

ACTION: Minutes approved.

#### 3. EMPLOYEE ANNOUNCEMENTS

##### Swearing In of New Officers – Presenter: Chief Justin Nordhorn

Chief Nordhorn introduced the incoming officers and provided a brief background on them. He administered the oath of office and provided them with their badges.

Officer Richard Steinbach

Start Date: September 16, 2016

Academy start date: October 4, 2016

Academy Graduation: February 14, 2017

Retail Unit – Region 2 – Federal Way

Richard worked at DSHS before joining the LCB as an investigator in the Special Commitment Center.

Officer Rory Turner

Start Date: September 16, 2016

Academy start date: October 4, 2016

Academy Graduation: February 14, 2017

Vapor Unit – Tacoma

Before Rory came to the LCB he served for five years in the US Army in Flight Operations and for five years in the Air Force as a Lead Air Traffic Assistant.

#### Employee Retirements - Presenter: Chief Justin Nordhorn

Chief Nordhorn introduced Raj Veluppillai and presented him with a plaque thanking him for 30 years of dedicated state service. The Board congratulated Officer Veleppillai on his retirement.

Chief Nordhorn introduced Judy Lewis and presented her with a plaque thanking her for 47 years of dedicated state service. Lieutenant Lucatero presented Officer Lewis a flag flown over the Pentagon in honor of Officer Lewis for her years of law enforcement service to the State of Washington. Chair Rushford read a letter to Officer Lewis from Governor Inslee congratulating and thanking her for her years of service.

#### **4. ACTION ITEMS (A-B)**

##### **ACTION ITEM 4A - Board Approval of a CR 101 for Producer Tier Structure and Producer Licenses**

Joanna Eide, Rules and Policy Coordinator, began the briefing with materials (HANDOUTS 4A 1-2). She provided background noting that WSLCB has heard concerns from Tier 1 producers that small producers are unable to grow their business due to limit of no more than 2,000 square feet of marijuana, and want to hold an interest in more than one producer license. Initially, WSLCB rules stated that a person or business entity may hold interest in up to three producer licenses. It was later limited to interest in only one license due to the high volume of producer license applications received and concerns about the level of canopy of marijuana grown in Washington State. WSLCB is considering adjustments to the tier structure of producer licenses and potentially allowing interests in more than one producer license as part of this rulemaking. Other changes related to producer license rules may be considered as part of this rulemaking.

A change to the producer tier structure would likely mean an increase in total plant canopy. An assessment of potential impacts to canopy will be included when the proposal is brought to the Board at the CR-102 stage of the rulemaking process. Draft rule language changes are provided with the CR-102. Allowing producers to hold ownership interests in more than one license would be through assumption of existing licenses, not through opening up an additional license application window, to avoid increases to canopy amount in that regard.

#### Timeline

April 5, 2017	Code Reviser publishes notice, LCB sends notice to rules distribution list
May 17, 2017	End of written comment period
May 17, 2017	Board is asked to approve filing the proposed rules (CR 102 filing)
June 7, 2017	Code Reviser publishes notice, LCB sends notice to rules distribution list
June 28, 2017	Public Hearing held
June 28, 2017	End of written comment period
July 12, 2017	Board is asked to adopt rules
July 12, 2017	Agency sends notice to those who commented both at the public hearing and in writing.
July 12, 2017	Agency files adopted rules with the Code Reviser (CR 103)
August 13, 2017	Rules are effective (31 days after filing)*

\*The WSLCB may choose to adopt a delayed effective date for one or more of the provisions in this rulemaking due to implementation/workload issues which would extend this timeline if adopted.

Chair Rushford thanked Ms. Eide and the stakeholders for the work on this proposal.

Ms. Eide then requested approval from the Board to file proposed rules.

MOTION: Member Garrett moved to approve the filing of proposed rules (CR 102) for...

SECOND: Member Hauge seconded.

ACTION: Motion passed unanimously.

#### **ACTION ITEM 4B - Board Approval of a Supplemental CR 102 for Lab QA Rules**

Joanna Eide, Rules and Policy Coordinator, began the briefing with materials (HANDOUTS 4B 1-6). She provided background noting that rule changes are needed regarding laboratory certification requirements, proficiency testing, pesticide action levels, requirements to promote lab accuracy and consistency, and quality assurance requirements. The Board approved a CR-101 to initiate permanent rulemaking on this subject on April 20, 2016. WSLCB staff held several meetings with industry members, certified labs, and other state agencies to inform the proposed rule changes in the CR-102. Due to the high level of comments received on the CR-102, as well as changes needed due to other considerations, the supplemental CR-102 with adjusted proposed rule language is brought for the Board's consideration.

Rule changes are needed to protect consumer safety through ensuring laboratories employ appropriate testing methodologies and achieve accurate testing results for marijuana. Creating proficiency testing requirements to achieve and maintain certification and parameters for laboratories will promote accuracy and accountability in marijuana testing by certified laboratories. Current permanent rules provide how a laboratory may be certified by the WSLCB, but do not contain provisions on what a laboratory must do to remain certified or how the WSLCB may suspend or revoke the certification of a laboratory. WSLCB needs the authority to suspend or revoke the certification of a laboratory that does not follow rule requirements for testing or for those laboratories that do not consistently achieve accurate testing results.

A few small, but meaningful changes were made. Most of the proposal is unchanged, Joanna walked through the items that have changed since the CR-102 was filed.

- Reverting back to a single potency test and only one sample taken per 5 lb. lot. New calculation requirements for potency remain in the draft rules and will help improve accuracy.
- Reverting back to a 5 lb. lot.
- Minor changes to the good laboratory practices checklist in WAC 314-55-103, mostly technical changes. Worked with our certifying vendor, RJ Lee, to accomplish these changes.
- Adjusted the pesticide action levels for pyretherins to make them consistent with DOH rules. Worked with WSDA on this change as was made at their request.
- Residual solvents: Removed ethanol from the required solvent testing list. After consulting with Oregon's public health and hearing about their experience with the level set at 5,000 ppm. Oregon only failed a small number of people barely over the limit. Because there was little to no health risk with ethanol, they chose to remove the requirement and level. Ensuring that licensees are using food grade as opposed to commercial grade solvents is more important. The battery of tests we require will help labs be able to identify whether commercial grade ethanol is used, which is a safety risk.

- Heavy metals: Added in heavy metals limits consistent with DOH's rules. Since we were already including pesticide action levels, which DOH's rules reference, it made sense to include the heavy metals limits as well even though those tests are only required for compliant products (medical).
- Mycotoxins: No changes. Many labs are ready or will be able to become ready soon after the rules are effective. Labs not certified to test for mycotoxin can subcontract mycotoxin screening to other labs. In many places, it is replacing microbiological screening, so this helps offset costs.
- Other clarifying and technical changes were included.

Ms. Eide noted with all of the changes, WSLCB wants to ensure that stakeholders understand that these items may be revisited in the future. This is another incremental step in the process and this rulemaking includes significant steps forward in ensuring accurate quality assurance testing and lab accountability. WSLCB will continue to look at these issues.

Chair Rushford on behalf of the Board expressed appreciation of the quality assurance workgroup and Joanna's leadership.

Ms. Eide then requested approval from the Board to file proposed rules.

**MOTION:** Member Hauge moved to approve the filing of proposed rules (Supplemental CR 102) for Lab QA Rules.

**SECOND:** Member Garrett seconded.

**ACTION:** Motion passed unanimously.

## **5. GENERAL PUBLIC COMMENT**

Chair Rushford invited citizens to address the Board regarding any issues related to LCB business.

### Michael Schroeder- Sativa Magazine

Mr. Schroeder has questions on advertisement rules and if there is going to be a bud tender license. Chair Rushford asked WSLCB to follow up with Mr. Schroeder after the meeting.

### Susan Gress – Vashon Velvet, Tier 1 Producer

Ms. Gress appreciates the work on the CR 101 for producer tier structure and producer licenses and is looking forward to seeing the draft rule which will be filed with the CR 102.

### Crystal Oliver – Washington's Finest Cannabis, Tier 3 Producer

Ms. Oliver is opposed to allowing Tier 1 producers to expand their canopy size. She requested that if a decision is made to allow an increase in canopy for Tier 1 producers, that producers are allowed interests in more than one producer license.

### Crystal Monannon – Honu Enterprises, Tier 3 Producer


Ms. Monannon said she echoes Ms. Oliver's comments and asked that the Board consider equity for the producers who are already in business and originally requested for more than one license.

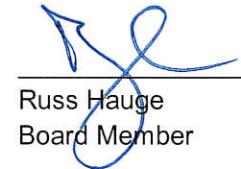
## **ADJOURN**

Chair Rushford adjourned the meeting at 10:42.

Minutes approved this 22 day of March, 2017.

  
Jane Rushford  
Board Chair

  
Ollie Garrett  
Board Member

  
Russ Hauge  
Board Member

Minutes prepared by: Lisa Faker, Executive Assistant to the Board

**LCB Mission** - Promote public safety and trust through fair administration and enforcement of liquor, tobacco and marijuana laws.

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