



Washington State Liquor Control Board Meeting

Wednesday, July 16, 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, July 16, 2014. Member Ruthann Kurose and Member Chris Marr were also present.

2. APPROVAL OF MEETING MINUTES

MOTION: Member Kurose moved to approve the July 9, 2014, meeting minutes.

SECOND: Member Marr seconded.

ACTION: Motion passed unanimously.

3. ACTION ITEMS (A-B)

ACTION ITEM 3A - Board Approval of (CR-103) for the Responsible Vendor Program (RVP)

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUTS 1-3). She provided a brief background noting that during the Board meeting on July 16, 2014, she requested that the Liquor Control Board approve the final rulemaking (CR 103) to revise the rules for the Responsible Vendor Program (RVP). The Board was briefed on the rule making background and public comment for this rule making.

If approved, the Rules Coordinator will send an explanation of the rule making to all persons who submitted comments. After sending this explanation, the Rules Coordinator will file the rules with the Office of the Code Reviser. The effective date of the rules will be 31 days after filing.

Chair Foster noted that she was surprised that there was not a lot of input and she hopes that the participation will be strong.

Ms. McCall requested approval from the Board to file the (CR-103).

MOTION: Member Kurose moved to approve the (CR-103) for the RVP.

SECOND: Member Marr seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3B - Board Approval of Threshold Decision Delegation for Marijuana-Infused Product, Label, and Packaging

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUTS 1-2). She provided a brief background noting that the mission of the Board is to keep alcohol, tobacco, and marijuana out of the hands of youth. There are marijuana-infused products on the medical marijuana market today that may be especially appealing to children. For example, products such as lollipops, gummy bears, and cotton candy are very appealing to children too young to read a label. The Board has adopted emergency rules requiring a marijuana processor licensee to obtain Board approval for all marijuana-infused products, labeling, and packaging prior to selling the items to marijuana retail licensees to sell to consumers.

Ms. McCall then provided a detailed overview of the marijuana-infused product, label, and package approval process:

A marijuana processor licensee must obtain approval from the liquor control board for all marijuana-infused products, labeling, and packaging prior to offering these items for sale to a marijuana retailer. The marijuana processor licensee must submit a photo of the product, labeling, and packaging to the liquor control board for approval. The photo(s) provided shall be of sufficient clarity to illustrate the requirements outlined below. A marijuana processor producing a marijuana-infused solid or liquid product meant to be ingested orally in a processing facility as required in WAC 314-55-015(10) must pass a processing facility inspection prior to the request for approval of a marijuana-infused product.

- The marijuana processor licensee must send an email requesting approval with the required information to rules@liq.wa.gov.
- A decision will be sent to the licensee within two working days from the receipt of the required information. If additional information or detail is needed to make a decision, board staff will email the licensee within two working days with a request for additional information.
- If the decision is to deny the product, label, or packaging, the original notice may only be notification that the decision is to disapprove the product, label, or packaging. A detailed notice will follow outlining the specific basis for the disapproval, and the licensee's right to an administrative appeal.
- Marijuana-infused products in solid form that contain more than one serving must be scored to indicate individual serving sizes, and labeled so that the serving size is prominently displayed on the packaging. The photo submitted must illustrate how the serving sizes are indicated on the product and the label or packaging.
- Marijuana products, labels, or packaging that is designed to be especially appealing to children are prohibited.

- Marijuana-infused products must be homogenized to ensure uniform disbursement of cannabinoids throughout the product.
- All marijuana-infused products must state on the label, "This product contains marijuana".
- All marijuana-infused products must meet label/packaging requirements in WAC 314-55-105.
- A marijuana processor may only infuse the types of food or drinks to create marijuana-infused solid or liquid products meant to be ingested orally, that may be sold by marijuana retailers (see WAC 314-55-077).

If the liquor control board denies a marijuana-infused product, label, or packaging for sale to marijuana retailers, the marijuana processor licensee may request an administrative hearing per chapter 34.05 RCW, Administrative Procedure Act.

Ms. McCall then requested approval from the Board to to delegate authority for threshold decisions (approvals and denials) on marijuana-infused products, labeling, and packaging to the Agency Director, and to authorize the Agency Director to further delegate the authority.

Member Marr acknowledged that the LCB staff has provided a great deal of outreach to legislators and stakeholders. He also noted that he recently visited a medical marijuana dispensary and the products they were offering were already in line with the rules suggesting that businesses outside the system are also using good practices in terms of labeling and packaging. Member Marr added that he wants to ensure that the rules do not delay businesses and the turnaround times are reasonable. He would like to see strong communications regarding this process and expectations.

Member Kurose noted that Colorado appears to be following Washington's lead on this issue.

Chair Foster stated that she *has* seen the products in question on the shelves of medical marijuana dispensaries and hopes they will begin policing themselves.

MOTION: Member Kurose moved to approve the Threshold Decision Delegation for Marijuana-Infused Product, Label, and Packaging.

SECOND: Member Marr seconded.

ACTION: Motion passed unanimously.

4. STAFF UPDATE - Discussion on Fair Trade Practices Rulemaking

Karen McCall, Agency Rules Coordinator, brought the Board up to date on the fair trade practices process noting that during last week's public hearing on fair trade practices, Julia Gorton, of Government Affairs Manager for Washington Restaurant Association, and John Guadnola, Executive Director of Association of Washington Spirits & Wine Distributors, both expressed concern about the description of "family plans" noting the use of the term is overly broad and confusing. Ms. McCall suggested removing the term "family plans" and further clarifying the term - this will require a supplemental (CR 102). Before filing a supplemental she wants to post a Small Business Economic Impact Statement (SBEIS) to the LCB website for at least two weeks to obtain input from LCB stakeholders.

5. MARIJUANA LICENSING UPDATE

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

Producer/Processor Applications

- 109 Producer/Processor licenses have been issued (increase of 16 from last week)
 - 76 Producer/Processor
 - 18 Producer
 - 4 Processor
- 17 licenses are pending payment
- Plant Canopy - licensed 857,419 square feet
- 181 applications have been referred to Enforcement for final inspection
 - 138 are complete
 - 3 need follow up inspection
 - 25 are scheduled for inspection
 - 15 are waiting for applicant to finish build
 - 0 are awaiting scheduling of final inspections

Retail Applications

- 26 Retail licenses have been issued
- 50 retail applications have been referred to Enforcement for final inspection
 - 8 have been scheduled for inspection
 - 15 are awaiting scheduling of inspection
 - 1 is pending payment

Member Marr asked if Ms. Smith's future reports could include how many pounds of product have been harvested as noted in our traceability model.

6. NEW BUSINESS/OLD BUSINESS

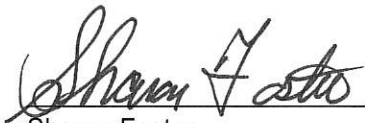
No new or old business was reported.

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

ADJOURN

Chair Foster adjourned the meeting at 10:30.

Minutes approved this 6TH day of August, 2014



Sharon Foster
Board Chair

Ruthann Kurose
Board Member



Chris Marr
Board Member

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