



Washington State Liquor and Cannabis Board Meeting

Wednesday, January 25, 2023, 10:00 am
This meeting was held in a hybrid environment

Meeting Minutes

1. CALL TO ORDER

Chair David Postman called the regular meeting of the Washington State Liquor and Cannabis Board to order at 10:00 am on Wednesday, January 25, 2023. Member Ollie Garrett and Member Jim Vollendroff were also present.

This meeting is a continuation of the January 18, 2023, regular meeting that was postponed due to technical difficulties.

2. SOCIAL EQUITY IN CANNABIS – INFORMATIONAL SESSION

Becky Smith, Licensing and Regulation Director

Becky Smith: Good morning, Chair Postman, and Board Members Garrett and Vollendroff. Again, I'm Becky Smith and I thank you for taking some time this morning to hear an update about the social equity program. I want to first start with a few webinars that took place yesterday, because it was the first we've learned a lot about needing to educate and provide the information to the public. And so this was a first step in doing some of that. LCB and MakeGreenGo! are hosting the webinars, we also have our third-party vendor that's going to be reviewing the applications as part of that as well, that we had the first webinar, we had 121 people that attended, and 116 questions that were asked. Yesterday evening myself and my staff and our communications director, we were all here last evening to make sure that we answered the questions as quickly as possible so everybody could get the information that they needed. But altogether, we had 232 people that participated. And over half the folks asked questions, that I think that what people were expecting to see was those questions posted. And so they can see the questions that were asked, but that didn't happen. The questions were actually very personal to the person that was asking them. So it was having a one-on-one conversation with LCB, the third-party vendor or MakeGreenGo! to ask some questions. And we had a lot of folks that, we looked at what the top questions were. And it really had to do with a couple of things. They wanted to know more about convictions versus arrests. How many points did that qualify them? They had questions about how many times they could apply to be an applicant, that if somebody was 49% of their application, could that person be on somebody else's application? And the answer is no. One time, people can apply. So it was good information for us. They asked us about ownership, can you be an owner and a producer processor currently, and also apply to be a social equity applicant? And the answer is no, that's vertical integration and we don't allow that here in the state of Washington. And then financing, they asked about financiers with out of state, and they certainly, that change, that law changed some time ago. And so you can be a financier or receive money from out of state, individual money only. Money only, not ownership.

David Postman: Right. So you can get a loan or financial support, but you can't exchange that for a share of your business.

Becky Smith: Correct.

David Postman: Right. Difference between basically financing and investment. Okay.

Becky Smith: So the next webinar is on Saturday at 10am and then again at 7pm, we really encourage those folks that don't know a lot or anything about the application process to participate. And even if you think you know, and you still have questions for LCB, the third-party vendor, or MakeGreenGo!, I'd certainly encourage folks to apply. We talk about the qualifications to apply for the license. We discuss the documents an applicant will need. There were a lot of questions with this document, or how do I get a document? Ponder and Associates will be able to answer all of those questions again, individually to the person.

Jim Vollendroff: Hey, Becky, I have a quick question, how long are those webinars?

Becky Smith: They're an hour long.

Jim Vollendroff: Thank you.

Becky Smith: And we begin answering questions as soon as the webinar began. So folks don't always wait to see the whole webinar, they have questions, and we start responding as soon as they begin asking. So next, I want to move on to the website, because again, we've done a lot with our website, we've made changes to our website. We want this to be a place that people can go and find information, that information is provided to them, that we have a checklist that goes through all the items or that potential applicants need to know. And we actually have it in the back of the room today, which really is best to go to our website, because you're able to click on different places there's, you know, the different links that will take you to the Secretary of State website, there's a link that will take you to what's required, you know, the DIA maps, for instance. So we really encourage anyone who's looking at that to go to our website. But again, we did bring paper copies in case folks want that this morning as well. And then LCB allotments, again, big question has come up. If you haven't watched or haven't been looking at our website, one of the things folks didn't know is that jurisdictions that we've moved out of just cities, and we moved into a jurisdiction, so for instance, King County has eight licenses available, and that's for the whole jurisdiction, city, county that it's for the whole King County jurisdiction. We wanted to make sure, again, that these resources were available for a map, we also have links in there that link you into those cities in those jurisdictions as well. So people know what's expected, what type of permits they have to apply for, and what's the viability of that location. Again, very important to check out the website. We recently sent 200 letters to those 44 counties, and we received 30 responses back and that might not seem like a lot. But it is. It's a great step. It's a good step in the right direction before we didn't receive any responses back.

David Postman: That was to find out their current status of moratoria?

Becky Smith: It is, they're interested in how this impacts their jurisdiction or their city. They wanted to know, you know, that they updated us on contact information. But really, they're interested in knowing how does this impact my city, what do I need to know about social equity. And we're hoping to receive more letters back but right now, again, 30, it might not seem like a lot, but it seems like a lot for the staff.

And then you know, the two other milestones were the DIA maps, and opening the application window. As many of you know the DIA maps, or Disproportionately Impacted Area map board was released a couple of weeks ago, it's on our website, it is a tool for applicants to look up their addresses to find out where they're located in the disproportionately impacted area. And again, a reminder that we contract with Environmental Systems Research Institute, we refer to them as ESRI to geocode the data and create the maps and we also worked with a University of Washington professor to assist us with interpreting the data as well. Again, the criteria to determine these areas is defined in law. And the LCB is required to include the specific indicators to determine which census tracts will be considered as DIA area indicators. Those again are: the area has a high poverty rate, the area has a high rate of participation in income based federal programs, the area has a high rate of unemployment, and the area has a high rate of convictions. They had to meet all four and by 20%, in order to be qualified as DIA area.

David Postman: And did the authorizing legislation specify each one of those things that you just mentioned?

Becky Smith: Yes it did.

Ollie Garrett: Becky, did the vendor that you named, not the UW, the other one, is that the same vendor that Colorado and other states used also?

Becky Smith: I believe it's the same vendor for Colorado.

Ollie Garrett: Okay.

Becky Smith: I don't know about other states and that, we call them ESRA, they also have done some work here in Washington state for DIA maps as well. Everybody has a piece that's different when they're determining what the DIA areas are, ours are very specific to consider, again, arrest rates is one of those, it's very specific.

David Postman: Do you have any flexibility in that, does the agency, for not, you know, for the current licensing program?

Becky Smith: So we do not have flexibility in what is determined to be a DIA area. And I just want to remind folks, this information is also included in our rules. And so it's not just a matter of changing the law. If we change the law, at some point, we also need to change the rules. And anytime as you know, when there's rule change, that's 100, and I want to say 160 days, might be another 20 days, in order to have, at least 100 to make those changes in rule and our DIA information is embedded in our rule.

David Postman: And so, you know, some people are unhappy about what they're finding there. Why wouldn't my, you know, house be there if I thought it would be? What are some of the some of the indicators?

Becky Smith: Great question, and that's something that we are going to, that we have reached back out, to ask some questions about, because it's important that the public know which things didn't, which indicators, weren't met in my area, so was the indicator if I was in, I'll just use where I grew up, Redmond area, that why, you know, why wasn't that determined as being a DIA area? So it may be that those areas hit the top 20% in participation in a federal program, and high rate of convictions, but didn't in the other two. I think it's important that, because we hear from the community, that these DIA maps aren't

representative of who they are, and so we want to make sure that we have that information out there. So they can see exactly why different areas on that map didn't show up.

David Postman: Will we at some point, then be able to, if I type in my address, and it didn't show up, we will be able to tell people, I forget how many of those different items we use, eight, anyhow, let's say that it's eight. That it shows which of those eight were met or not?

Becky Smith: I don't know how that'll look yet. It's still a conversation that we're having those folks.

David Postman: We'll get to some more granular level, so people have a sense.

Becky Smith: Absolutely.

David Postman: I think that's helpful.

Becky Smith: I think it'll be helpful as well. And then, if we're done with that, last but not least, I do want to say that we, that it was a step in the right direction that we are opening up the window. It's a 30-day window that the agency announced this last week, it'll begin, BLS Business Licensing Services, will begin accepting applications on March 1, that 30-day window, it'll go until March 30. That again, it's important for people to understand, I encourage everyone to watch the videos, if nothing else, just to receive the information. Because you can only show up once on an application. That was really one of the questions that kept coming up yesterday and folks didn't understand that one-time means one-time whether or not it's 40%, 10% ownership, your name could only show up on one application.

David Postman: What if it shows up on two? Do you take the first one and reject the second one?

Becky Smith: Correct. So we will only take the first application that they showed up on, the second one will be rejected.

David Postman: If the application is rejected it's not just the one person who might repeat whose name was taken off. So people should be careful who they're including because they could get knocked out if that person's on more than one.

Becky Smith: That's correct. I think I've said that before, know who you're getting into business with. Make sure that you're not getting into business or part of another application, it's going to be an important part, especially this piece because you cannot redo your application and start again, it's one.

David Postman: In that 30-day window.

Becky Smith: Yes.

David Postman: I see, ok. In the 30 days, do I have an advantage if I file on March 1, rather than March 29?

Becky Smith: You just have to file before March 30.

David Postman: Because the vendor is going to review it after March 30.

Becky Smith: They are, we will be shooting over all of those applications on March 31 to the vendor, and the vendor will begin processing those applications or reviewing those applications to be processed.

Ollie Garrett: When you say we will be sending them over to the vendor, we're sending all applications and they are doing the screening, or are we doing any screening before they go to the vendor?

Becky Smith: We are doing absolutely no screening before they go to the vendor. We are just a portal.

Ollie Garrett: Okay.

Becky Smith: With that I'm done unless anyone has any other questions.

3. CANNABIS RELATED RULEMAKING

ACTION ITEM 3A – Rules Petition Review and Consideration Cassidy West, Policy and Rules Coordinator

Cassidy West: Hi. Good morning. Thank you, Chair Postman and good morning, Board Member Garrett and Board Member Vollendroff. I am not sure if Kathy is going to join and give a policy update. I don't know if you've heard anything.

David Postman: She's here. Nope. She's here but we're going to go right to you.

Cassidy West: Go straight to the petition. Okay, great. Well, today I will be presenting a response to a petition for rulemaking that the agency accepted on December 2. The petitioner, Eugene DeMesa of Cloud 9 Buds is a licensed cannabis producer. And in the petition, he requests that the agency initiate the rulemaking process to consider adopting a new rule that would open the processor license application window to allow existing licensed cannabis producers to apply for a processors license. Under Washington law, a producer may also hold a processor license and operate as a single entity. Each license type has separate and distinct privileges. So a producer that also has a processor license may exercise the privileges of both license types. The board has statutory authority to regulate cannabis licenses and adopt rules that establish the procedures and criteria necessary to implement cannabis licensing, as provided in section 6950 325, and section 6950 345 of the Revised Code of Washington. Consistent with this authority, section 314 55 077 subsection two C of the Washington Administrative Code provides that the Board has the discretion to open the process or license application window should the Board deem that it is necessary. At this time the application window is closed. In the petition, Mr. DeMesa requests that the board consider adopting a new rule to open the processor license application window to allow producers to apply for a processor license. Although the application window is currently closed, a rule adoption is not necessary for the Board to open that processor application window should the Board determine that it is necessary. And for this reason, the director's office staff recommends that the board deny the petitioner's request. Thank you. And I am happy to answer any questions.

David Postman: Questions from the board?

Jim Vollendroff: Cassidy, I just have a quick question just to make sure that I'm following this. It sounds like the rule request is not necessary because the Board has the authority to do that. So denying this is not saying that the petitioner can't request the Board to make that consideration to open it up. It's just saying that this is not necessary because we already have the ability to do that. Is that correct?

Cassidy West: That's correct, yes.

Jim Vollendroff: Okay. Thank you.

Cassidy West: Thank you. Any other questions?

David Postman: I don't see any and so then we will entertain a motion to accept the staff recommendation which would deny the rules petition requesting an amendment to allow cannabis producers without a cannabis processor license to add cannabis processor license. Is there a motion to approve?

Member Garrett moved to accept the staff recommendation to deny the petition. Member Vollendroff seconded. The motion was approved unanimously.

4. GENERAL RULEMAKING

Daniel Jacobs, Policy and Rules Coordinator

ACTION ITEM 4A – Board Approval of CR 101 for Cloud Storage

Daniel Jacobs: Thank you. Good morning, Chair Postman, Members Garrett, Vollendroff, employees in the Washington State Liquor cannabis board, Washington residents and members of the viewing public. I'm here this morning presenting the CR 101 for cloud storage and requesting the Board's approval of this filing. During the Board's August 31 meeting, the Board voted to approve a petition from the Washington Cannabusiness Association, which requested changes to two administrative rules, Washington Administrative Code 314 55 083, and 314 55 3087. In order to allow cloud storage for records that are currently required to be kept on premises, if approved, today, there's going to be a public comment period until Monday, February 27. I've also attached a tentative timeline, which indicates that rules could be presented for approval in early April, in early May, excuse me, which would set a public hearing at the end of June. And then that would put rules in effect in theory by the end of August, that's assuming that all the filings are approved. And additionally, this also is assuming that we don't need to do a small business economic impact statement. If we do that's going to affect the timeline. And then lastly, while this request came from the cannabis industry, when the board voted to approve the petition for rulemaking, the board decided that it would make sense to, at the same time, see if other licensees would also benefit from the permission to use Cloud Storage for records that are required to be kept on site. And based on this, I ask for your approval for filing the CR 101 today, and I can take any questions.

David Postman: Questions from the board?

Jim Vollendroff: I just have one quick question, Daniel. You mentioned the in the timeline, the Small Business economic impact. Can you just talk a little bit about what triggers that or not?

Daniel Jacobs: Sure. So basically, it's the small business economic impact. So if it's going to have costs for small businesses in order to comply with the rule, then we need to look at that, it's in regulation. And it's part of the code revisor office's process. And so basically, if we start having rules that are going to require folks to change what they're currently doing, which is possible, it might be unavoidable. I should have mentioned that there might be, it might be such that these rules, there's no way to not put a cost on

business. We'd like to avoid that if we can. But it's possible that it's unavoidable. And if that happens, then it's just going to extend the process so that we can...

David Postman: Can we determine that during this one-on-one process? Is there a checklist or a process that we do, a formula?

Daniel Jacobs: There is. And then the second part is that in order for there to be a small business economic impact statement, we have to have draft rules for it. The thing is that we're not, some situations for rulemaking, the agency comes into it or in this case, for example, the petitioner might submit draft rules. There wasn't any sort of draft idea submitted with this. So we're kind of starting from scratch. And in order to do the economic impact we need to have that.

Jim Vollendroff: Right, thank you.

David Postman: Thank you. Any other questions on this? I think it's a good thing.

Jim Vollendroff: I do too.

David Postman: Industry has asked for it. And they all have to help us with that. In fact, if there is one, we can see, but it makes sense, it just seems like a commonsense evolution for us. So I appreciate your work on it. And I would entertain a motion to approve the CR 101 to study cloud storage.

Member Vollendroff moved to approve the filing of CR 101 for Cloud Storage. Member Garrett seconded. The motion was approved unanimously.

5. GENERAL PUBLIC COMMENT

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

David Busby: Good morning. Thanks for having me once again. And you'll never believe this. But I want to talk about CCRS again. I love the fact that we can upload the manifest through the CSV. That's pretty awesome. But one of the problems that we're still having is, because the CCRS system has delayed responses for everything that we upload. And we're still seeing a case where like, 3% of files that we upload, the CCRS system just doesn't respond at all. And then we've got, so to put new data into CCRS, it takes at least three steps, put the data in there, may or may not get a response, try to put the data in there a second time maybe to get a good response to tells you the data is there, and then confirm that by trying to do an update to the said data and watch for errors. So that's a little tedious. And it causes some problems, because when a supplier in the industry is creating a manifest to send to a retailer or whoever the buyer is they're generally, they may be subletting some of their material, which creates new inventory identifiers. And those inventory identifiers need to be in the system before the manifest can be filed. But the manifest and this process, everyone was used to doing it in real time. So you could create some inventory, put this on the manifest, press the button, and all of the data was immediately in the compliance reporting engine. And now we make new inventory. And it now takes minutes and in some cases hours to get data into the CCRS so that the manifest can then get into CCRS. Because the inventory is of course, a dependency of the manifest getting in there. And the manifest, the licensee wants to ship the manifest right after they press the button, not wait for delays of data importing into CCRS before the manifest can actually come into existence. We've got to do something to make it so that the data can be closer to real time. That's the end of my comment. Thank you.

David Postman: Okay, great. Thank you. And let's you know, the CCRS team is listening. And I'm sure we'll take a look at that.

David Busby: And actually cheers to the Service Desk yet again, you know, the crew have been pretty responsive there. And you know that part's actually working very well. Thank you.

David Postman: That's great. Appreciate it. Thank you, David. Next up is Brian Stewart.

Brian Stewart: Hi everybody, my name is Brian Stewart, resident of Onalaska, Washington. And thank you guys for your time today. I want to talk about the DIA maps that came out for the equity license that we just heard a little bit about today. First, I want to just share a quick photo with you all the board got some of these pictures earlier. But just to give a quick idea of where I come from. Personally, I grew up in the Roosevelt slums in the 90s and 80s. Off the U district, and the avenue was an epicenter for drugs and drug violence, and all the inequities that came along with the drug war. And I was able to get out of there so that is a good story. But I kind of want to point out some other pictures too before we get into the talk here. I want you to notice that that's my neighborhood that's been imploded there. Roosevelt High School is across the street. I couldn't go to that high school because my neighborhood was too poor to go to the school across the street. So the way things were set up then was, you know, it was affluent right next to us and then poor right next to them. And so I just want to point out that the Avenue, which is an epicenter of all sorts of drugs, anytime, day or night, led right to my house, essentially and all the bus routes stopped there for people to terminus or to change buses. So it was quite a poppin' neighborhood, if you will. And then I wanted to point out Lake City before I start talking here. Lake City is a great example of one street two blocks long, 32nd which had police presence, crack cocaine, arrests, fights, violence, gunshots, all that stuff, right next to neighborhoods that frankly had million-dollar homes, very nice. And you can see on this map that it's all centralized, this one little point. My point is Census blocks or census tracts in no way reflect the neighborhood-to-neighborhood problem that the drug war brought to everybody. And then lastly, I want to show an area that the DIA maps did point out to have been impacted by the drug war. This is interesting because I live Onalaska, which is just north of here. There's no way there's more arrests here. Right? It doesn't seem right. There's no military police presence, there's no, any of the things that you would see in the inner-city phenomenon that we think about when we think about the drug war. Now, who am I and how do I know this stuff? Right? So I lived in both places, that gives me a little bit of a unique perspective. However, also I am a research scientist. I happen to have sort of, tried to share here, I happened to get my life together and done a lot of work in school got numerous degrees, and I am now habitat connectivity biologist, and a landscape ecologist. And my point is, I'm lucky, I'm here, I was able to get out of the slums not many people did. And I'm also able to be here today, which I feel like the multitudes that can't be here today to voice what I'm going to say is important. So the work I do is research methodology. I do design and I do GIS; this is exactly what's been produced, there has been data, there's been criteria set, it has been put into a machine and that machine has produced results. The problem is no one's done the steps to figure out causation. Correlation does not equal causation. There were two things going on in the 90s that were creating a lot of poor people. One was the resource extraction mechanism and logging in the rural communities, which devastated these communities. But it had nothing to do with the drug war. So if your criteria is a census tract, with low property, high unemployment rates, lots of federal programs, you're always going to get mostly rural Washington, because at that time, they were tanking very hard, they had no jobs, and they still suffer from systemic poverty out here. But in the city, you have a two-block radius of crack cocaine, police presence, and all surrounded by affluent neighborhoods. So we lump them together and you try to get an average, you were always going to have good employment.

Dustin Dickson: You have 30 seconds.

Brian Stewart: You're always going to have good employment. And so what needs to be done is have it reevaluated with the proper mechanisms to put into GIS because, garbage in garbage, out correlation doesn't equal causation. This in no way reflects drug impacted neighborhoods or the war on drugs. I lived in one, I know all the neighborhoods and Ethel's not one of them, that green map I showed is not impacted by the drug war. It's not possible. So whatever the metrics are, they need to be fixed and reevaluated. And that's all I have to say. Thank you.

David Postman: Okay, thank you very much, appreciate that. Christopher King is next.

Christopher King: Terrific, terrific, terrific. All right, then. Well, guys, you know, I have a dog, but she never eats my homework. All right. Pepper, treat! So the thing is, I'm wondering, I looked at the plan that you have going forward. And it's not bad. But we got some other things to talk about, okay. In terms of integrity, in terms of transparency, which we still haven't seen from you guys in the equity era. Specifically, Kevin Shelton and I were working on the brief last night for the Ninth Circuit Court of Appeals. And we decided that the conclusion should just be two pictures as being symbolic of where the LCB has gone in this glorious equity era. The two pictures are the proof that Sami Saad applied for a, you know, retail license, you know, a recreational license. And the judge said that he never did, which was a lie. And we had asked for that information from you for his file. And I don't know if you ever gave it to us or not, but months and months went by, we never got Sami Saad's application file from you. Okay. So there's a picture of that, the part of the file that he did have, and then also Kevin Shelton, you guys ignored him for years. He came to you through Council on his own and with me, like at least three times in the equity, in the 2020 era, to try to get somewhere. He wrote a letter that came, all that stuff through Nate Miles and all that stuff that we talked about before. And this letter arrived at its destination, which is at the LCB, in the summer of 2020. It was addressed to Ollie Garrett. Nobody responded to it. And you still have no explanation for why nobody responded to it. So I'm wondering how you can sit there now. I wonder how you can sleep at night, knowing the havoc that you've wreaked upon these people and their families and their communities by stripping them of their livelihoods. How can you sleep at night not answering Kevin Shelton's letter? That's my question to you, Ollie Garrett is addressed to you.

David Postman: Now, is not an opportunity for Q and A I'm afraid.

Christopher King: I know you selectively engage in Q and A when you want to, but we've all seen that anyway. Next point. Here's the other thing too. On the equity thing, there's a show out right now, and it's called The New Jim Crow in the North. And I've always said matter of fact, I said it from Peter Manning's living room with Aaron Barfield, that cannabis is the new Jim Crow. And you guys are like kind of fomenting all of that as we go. All right. And so in this program, they talk about the housing situation, all the things, they talked about reparations. Reparations were originally part of this whole thing when this equity thing started, okay. Because part of you know, the route of reparations is to repair. So how was this last-minute thing that hasn't even started yet going to repair the damages that you've done to the black and minority community for years now, nine years, this has been going on and on and on. So you know, meanwhile, we've got Ret Barn and Vince Sears. We've got Director Garza lying to Kevin Shelton saying that, Oh, thanks for alarming me to the situation. You have raids before. So he just lied flat out and now he's asking for qualified immunity. Well, we know that Art West had that lawsuit \$190,000 you gave him to shut up about LCB people coordinating with local law enforcement to crush Blacks. Okay. Attorney Douglas Hyatt said it too. We see he dropped an F bomb in the Stranger talking about it that you guys were just great.

Dustin Dickson: You've got 30 seconds.

Christopher King: Great. Also, last thing is I noticed that we offered, what's this guy's name? Oh my gosh. offered Peter Manning to take Peter Manning's Black Excellence in Cannabis. He refused to do so in settlement. We tried to do inclusion that they always talk about, and they just ignored us. That shows the value of Black Excellence in Cannabis' name, the Aaron Barfield started and that those guys stole, and you guys don't care about that either.

David Postman: Thank you, Mr. King. Next up is Jim MacRae.

Jim MacRae: Oh, wonderful. It finally works. I've got the tech figured out. Thank you. A couple of things, three things. I first of all wanted to commend the Board in its entirety. I listened in on the caucus the other day. And I mean, a theme is coming out there of increased transparency, you know, in terms of what the Board is doing, and clearly increased engagement in terms of wanting to hear from the community from the stakeholders and all that, you know, three big thumbs up if I had one for each of you. Okay, so you know, well done on that. Secondly, on kudos side. I wanted to express my appreciation for the Board through Director Nordhorn, supporting House Bill 1453, the medical cannabis tax exemption that's being proposed. I thought that was good and I thought the conversation about the role of the board and the agency and legislative direction, and input was very, it was educational for me, because it seemed different than the way things had been done in the past. And it's a very good thing, it's the way things should work. So kudos to you on that. One caveat, though, and this is just me being me. And this is something that is counterproductive because I'm very supportive of HB 1453. However, the fiscal note that was produced, based in part on input from the LCB, using CCRS basically came up with a ridiculous number. It came up in, the quote from the fiscal note is that based on data from the Liquor and Cannabis Board's Cannabis Central Reporting System, basically, there were \$541 in taxed sales that would have been potentially excluded under this bill in the entire state. So they multiply that by 4 and it's \$2164 in taxable sales for an \$801 per year impact. When I first saw the fiscal note, I thought it was in 1000s. And then when I realized it was dollars, I just, my jaw dropped. When you think about it, just from first principles, and first of all, CCRS is broken, or the query that was done internally to pull the data is broken. When you have 251 active stores, and they're doing supposedly \$2164 pretax sales in a year, that's \$8.62 per actively medically endorsed store, that's just wrong. And just so you know that the appropriate number based on info from the Department of Revenue, and a number of other things is probably loosely in the five-to-ten-million-dollar range of sales. You know, you can figure out what the tax is from that, we can talk more if you want offline, but that number is clearly wrong. And it's a little embarrassing for the agency to put it forward. Social equity. Board Member Garrett and all that were involved in it from a staff perspective, I know licensing has probably been very involved. Really good job, in my opinion. And, you know, things could always be better, but it's really good job. The one thing I would just suggest to Board Member Garrett or just in general terms. I know at one point, you guys did a survey of licensees, and they, you know about their ethnicity and all that their race. I wonder if staff ever shared with you the concept, Board Member Garrett, and just you don't have to answer right now, but of using criminal history reports...

Dustin Dickson: You have 30 seconds.

Jim MacRae: Okay, which also gives race information. That's a very important thing. Because you would then be able to get not only the successful licensees that you can now survey, but also applicants that were unsuccessful. And, you know, just so you know, I have an outstanding five year long public records request on the transparency thing, for those types of criminal history reports. And five years, more than five years now, after I made it, I still don't count them all. So it would appear that...

Dustin Dickson: That's your time.

Jim MacRae: Awesome, thank you very much. Wish you well, Bye.

David Postman: Thank you, appreciate your comments. Next is Ahmed King.

Ahmed King: Okay, great. I was really hoping that I could speak but I actually I'm at the doctor's office right now about to have an x-ray. But however, I do want to greet everybody. Hopefully you're having a good day. I have some same sentiments about the DIA. And I look forward to speaking at the next meeting. But I really have to go because I'm getting an x-ray. Thank you all.

David Postman: Good luck there. Thank you. Gregory Foster.

Gregory Foster: Good morning, Board Members. Thank you for hosting the meeting again, for allowing us time to speak. Wanted to offer, also my thanks. I think Mr. MacRae really covered precisely the same things that I was going to offer my appreciation for. I appreciate you all having more substantive discussions publicly about policy considerations. And Chair Postman, you indicated that you thought it might be better to have those discussions during the Board meeting because there's more people here, and I can promise you we'll be there. And we'll be getting the word out about those discussions. So during the caucus meetings and the EMT, so definitely encourage you to walk that path. And also, please accept my thanks for supporting medical cannabis legislation in general this session. I also think Director Nordhorn did a good job yesterday and just appreciate how engaged he's been with the patient community for years now. He has a lot of good perspective to offer. I guess the primary item I wanted to make sure that you are aware of is that probably right about now over at the legislature, they're introducing HB 1595, called modifying the cannabis excise tax. This is by representatives Kelly Chambers, and Eric Robertson, who are the Republican leadership on the House Regulated Substances and Gaming Committee where that bill will be referred. This is what some people may refer to as a potency tax. It's actually a THC concentration tax, which revises the 37% excise tax, makes it more complicated by dividing it by product type, as well as then dividing it by different THC concentration levels in those products. So, you know, there's no stated intent within the bill language or purpose that's provided as far as why this bill is being put forward. But we do know that on Monday of this week, the Health Care Authority and the UW Alcohol Drug, or Addictions Drug and Alcohol Institute, their final report on high THC policy was published this past Monday, although it was due December 31. And I just wanted to, you know, within that one of their recommendations is to vary the excise tax by THC concentration. That's their first recommendation, actually. So I just wanted to bring this to your attention and also recollect that, in 2019, the legislature wrote a budget proviso which required LCB to convene a workgroup to determine the feasibility of and make recommendations for varying the marijuana excise tax rate based on product potency, what this bill does. So I participated in that workgroup, along with the lead researcher of that ADAI HCA study. At that time, we found it was not feasible. And I reviewed that report this morning, just to see what we recommended. And I wanted to add those into the record here.

Dustin Dickson: You have 30 seconds.

Gregory Foster: So quickly, the concerns that we had were unknown impacts to public health, the potential for disproportionate impacts to small businesses who may have to alter their production and packaging processes, general concern about the capacity of the traceability system to audit a complex tax framework, a lack of evidence regarding how that proposal would impact consumer behavior and revenue, concern related to testing lab proficiency and reliability until the ecology takes over lab

standardization have been implemented, which still hasn't, and the impact on medical patients. So please be engaged with this bill. And remember, we've been down this path before. All those are still legitimate concerns. Thank you.

David Postman: Thank you. Appreciate that. Yeah. I just heard about 1581 this month by reading Cannabis Observer. And I was going to ask some folks about it. So we will have a conversation about that for sure, because I am curious about that. And I did see the report that came out on day two. So definitely a topic of conversation. Thank you.

Gregory Foster: Thank you.

Peter Manning: Thank you both, Chair Postman and Vollendroff, Ollie Garrett for this opportunity to speak. We at Black Excellence Cannabis; we feel that the LCB is moving in the right direction. We are not opposed to anything coming out March 1, we do have reservations that the DIA map doesn't reflect the areas that we think it should be flagging. And I was told that the LCB is working that out. We have complete confidence. And I want to say that confidently that the LCB is doing their due diligence to make this right we actually have sat down with the LCB and have held discussions pertaining to this. And we believe them. So I think that we're moving one step closer to actually coming to the LCB to talk about terpenes and to talk about testing, and where it's going to take this and transcends this from social equity to participation in the cannabis industry in the state of Washington. We'd like to thank Ollie Garrett, David Postman. Ollie, we really appreciate you from a social equity standpoint, your stance. Jim Vollendroff, welcome to the team. You guys are moving in the right direction. Thank you very much.

David Postman: Then Mike Asai.

Mike Asai: Morning Chair Postman, Board Members Garrett and Vollendroff, morning to everyone here at present. I just want to say Mike Asai with Emerald City Collective, unjustly shut down in 2016. I'm also the Vice President of Black Excellence in Cannabis. We are in full support of House Bill 1453. We didn't get a chance to sign in. But we come from the medical side. We are fully in support of that bill, just want to say that publicly. And we will sign in and give our competent testimony. I echo everything Peter just said, you know we could go, I had something to say. I bottled it up and tossed it. We understand the DIA situation is being worked out. But let me talk about something that's very problematic in this industry and that's racism. This past Monday, I ran into a gentleman named Ezra. And because we spoke out against out of state inter-commerce and we spoke about, spoke against what a lot of people were wanting to bring into the industry. Before social equity is even established. The gentleman said to me, and Peter, and Damien that we need to cooperate. So very racist comment, never met this gentleman in my life. I don't know who he is, but I know he's a stakeholder. This is what we have going on in the industry, as if we're the problem. We Black pioneers and Brown pioneers and White helped build this industry. The reason why people have multiple locations is because of the collective garden model. Nothing else. I'm tired, I'm sick of it. But I'm going to keep pushing through. But everyone needs to understand that we're not the problem. The problem is the stakeholders. Let me tell you about the four Ds African Americans have faced in America for decades. First, they dismiss you. Second, they discredit you. Third, they demonize you. And lastly, they try to destroy you. Me, Peter, Damian, Black Excellence in Cannabis, the Black and Brown community. We will not let the four Ds continue to happen to African Americans today, tomorrow, next week, next month, or even years to come. We're going to keep fighting for inclusion. We're going to fight for what's right. We've been at odds with the LCB for reasons that they all know why. But we truly have been trying to work with you to work together. We want to see a successful program be established. We want to be in this market. The market that we helped build that you see today. Thank you.

David Postman: Okay. That's the end of our agenda and we will adjourn the Board meeting for January 25, 2023. We'll be back next Tuesday for caucus. Thank you. Have a good day.

6. ADJOURN

Chair Postman adjourned the meeting at 10:52 am.

Minutes approved this 15th day of January 2025



Jim Vollendroff
Board Chair



Ollie Garrett
Board Member

Minutes prepared by: Deborah Soper, Administrative Assistant to the Board

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