



## Board Caucus Meeting

Tuesday, February 21, 2023, 10:00 am

This meeting was held in a hybrid environment

## Meeting Minutes

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### CAUCUS ATTENDEES

Chair David Postman  
Member Ollie Garrett  
Member Jim Vollendroff

### GUESTS

Marc Webster, Director of Legislative Relations

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*At 10:00 am, Chair Postman convened the meeting.*

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### 2023 LEGISLATIVE SESSION UPDATE

#### Marc Webster, Director of Legislative Relations

Mark Webster: Well, good morning, Chair Postman, and Board Members Garrett, and Vollendroff. It's been a big week since we spoke last week. The Social Equity Bill passed Ways and Means yesterday. It was kind of a marathon hearing from 9:00 AM to 6:00 PM. The bill now does have an amendment to address some of the concerns around retail saturation or outlet density. It's a good amendment. It's one that we reviewed and helped on, and I think it helped avoid another more limiting amendment that would have created kind of county by county caps on the new retail licenses, and we believe that ran kind of counter to the goal of making these licenses portable, and it would have added licenses in counties that currently have banned cannabis, so it wasn't clear how those outlets could have opened. So overall, it was a very good outcome. It does highlight that those concerns over saturation are widespread, not only in the industry but among members of the Legislature. They needed something, and I'm glad they took the good amendment and passed on one that we think wouldn't have helped.

I just want to thank each member of the Board for your help on this. That was really important, your calls to members, and texts that really helped explain our position, helped explain some of the maybe unintended consequences of the other amendment from sticking. I thought that was really well done. Very good team effort, and at least for now a successful one.

Chair Postman: Sorry to interrupt, let's deal with social equity, and then we can move on if it's alright to ask our questions on that now. So can you just give me a summary of how that works, how the amendment would work?

Mark Webster: Yeah. So the amendment that passed basically reiterates that the Board will take in written comments or objections from local government about where licenses are cited. If there are

particular concerns about saturation in an area, then the county government, let's just say, can tell us about that before we license somebody in that area. And it reiterates that they still have control through ordinances and zoning. If they pass some sort of zoning thing that would prevent a license from opening in a particular area, they can inform us before that license is issued, and so it just kind of creates or refines that process of them notifying the Board about where those concern points might be.

Jim Vollendroff: Real quick. I just wanted to make sure and point out I worked in county government for a long time, and that local control... the counties and cities know their communities like no other, and so I think that's a really important point to make sure that we support that. So I appreciate everybody's work in recognizing that and supporting that particular part of the amendment.

Mark Webster: Agree.

Chair Postman: How did it go, Mark? Was there controversy on the Committee about that version of the amendment?

Mark Webster: Well, I think we saw two amendments presented, and obviously, I wasn't in the Caucus room. I don't know how it went, but I do think that reiterating just what Board Member Vollendroff said about local control and locals having a voice in this process, I think really helped kind of win the day. The county-by-county caps look like a local voice, but I'm not sure that it really gives them one. You know? Even if you had X number of licenses in King County, you wouldn't prevent saturation if they all opened up in one neighborhood. It's a neighborhood by neighborhood or a sub-city problem, and it's the locals who are living with it who can really help explain where that is.

Chair Postman: Yeah. I think local objections to retail outlets is one of the -- I mean, that's how you really could jeopardize this successful market, I think, is if local governments kind of rise up and say enough, and they are hard to beat in the Legislature, and I'm not sure we would even want to take that position to overrule them.

Mark Webster: That's right, and I -- but I think on the positive side, we've heard from local governments who are excited about some of these social equity licenses.

Chair Postman: That's great.

Mark Webster: Um, so yeah. I think there's going to be a warm welcome in certain places for a lot of these licenses.

Chair Postman: Do we feel now that this is the vehicle? Is the House going to still try to move a bill? Or what do you hear?

Mark Webster: The House one didn't survive the policy cutoff. So I think this is the vehicle. Same on the THC Bill quite frankly, which is where we'll vote next.

So the THC Bill, Senate Bill 5367, had a hearing on Saturday again as the Ways and Means Committee tries to work through the heavy volume of bills they have before fiscal cutoff coming up here on the 24th. So that was a very good hearing. Some in the industry are now "in support" instead of just "other". And I think it helped that Senator Robinson had an amendment to lower the THC threshold in our bill. In our version, it was one per packet -- one per serving, three per package. They have cut that in half down to 0.5 mg per serving. That's something that the 502 industry has really been pushing for. The hemp

industry, of course, already thought 1 and 3 were too low, so I think there's some frustration over where that bill stands now. And I think there are still some talks over how to craft some sort of a compromise between the two sides.

From my point of view, the two sides seem pretty dug in. I don't really see how or where a compromise would work at the moment. That may just be a failure on my part. So I know those talks are ongoing but, right now, I think the Cannabis industry is coming more to support 5367 as those caps come down. I would just remind the Board and remind myself that the bill last year, the THC bill from the LCB last year had the threshold at 0.5 mg, so we're kind of just where we were last year.

Chair Postman: Yeah. Mark, have the 502 industry or any parts of it said, "Okay, at 0.5 we're good." Or are they withholding judgment?

Mark Webster: Some parts have, but I think some of the big ones are still pushing to go lower or to get to 0 for a couple of reasons. We're not sure that zero works either from a lab testing capacity or practically, but I think that's where people are -- they still want to get as close to 0 as possible.

Chair Postman: Yeah. Hm, okay.

Mark Webster: I'll just say that that bill is up for Exec in Ways and Means on Thursday, so we will see if there are further amendments later in the week. The Limited Jurisdiction Law Enforcement Training Bill 1132 that Chief Wax has been working on for a little while, we've been supportive of it, but it's been spearheaded by the Gambling Commission this year. That bill has a hearing in House Appropriations today.

Just some updates on some of the bills that we've talked about last week and the week before. There was a bill to change the tax rate on low-proof spirits, like hard seltzers and whatnot that have alcohol from distilled spirits and not from malt. That is fundamentally different than the way it was introduced. It has much more of a minor impact, and we'll see if it continues to move, that's Senate Bill 5375. The Psilocybin Bill that would have opened up psilocybin use for adults has been scaled way back. It is now essentially a Study Bill. The LCB would get a spot on any regulatory work group with other agencies trying to figure out in the event of opening that up who would regulate what aspects of that program.

I mentioned the Licensing Bill from Senator Schoesler last week, 5291, that in its amended form was something that we could live with, that had a hearing in Ways and Means yesterday. I think our fiscal note coming way, way down from the original bill probably helped that. Also touched last week on the interstate commerce or the cannabis legalization trigger bills, the House version of which now has some amendments that would task the LCB with not only notifying the Legislature of the effective date, like whenever we see that federal legalization but then also pushing out notification to the industry, to the retailers, the producers, processors, researchers, and whatnot about the changes that would be coming in that event. So we certainly didn't see the amendment that I think we were more concerned about, Chair Postman, but that one seems fine at this point.

Chair Postman: I think that's what we do generally, but that's fine and that's great. Yeah, no problem with that.

Mark Webster: No. That's all I've got.

Chair Postman: Can you give us a quick update? Two things I'm curious about. Two bills, the Advertising Bill 5363, I think that would give local governments authority over cannabis retail advertising, not LCB. Is that alive?

Mark Webster: It is. I haven't seen it yet, so it's going to have to get out before the 24th, but it is still alive. And again, that bill gives local governments the authority to regulate cannabis retail sign size. There were some amendments that would have given them much more authority, taking it away from the LCB, but in its current form, it's kind of limited to sign size. Currently, or in current law, there was a cap on the size of a sign on a building.

Chair Postman: Right. And then 5614, which is the Adult Entertainment Liquor License Bill?

Mark Webster: Yes, yes. That bill, we spoke with our AAGs. They have some concerns about certain aspects of the bill. I haven't seen it up on the schedule. One of the concerns has to do with the language that directs the LCB to repeal a WAC that has to do with essentially lewd conduct in alcohol licensees. The bill directs us to strike that WAC in its entirety, and there are some concerns about potential unintended consequences going far beyond just the adult entertainment venues.

Chair Postman: Yeah. When we look at it, one could read that to believe that any licensed establishment could do adult entertainment with very few restrictions on what activity could take place, and I don't think that's the intention, reading the taskforce's report and stuff, so I hope they can fix that.

Mark Webster: Yeah. We brought it to their attention anyway.

Chair Postman: Okay, good. And, you know, we have not talked about this as a Board since Jim joined us. When this came to us initially, there was no objection from the Board to allowing liquor sales, but we wanted to make sure that the other things that that workgroup or taskforce had come up with had been implemented by the Legislature and not just do the Liquor piece because I don't think -- and I'll just speak for myself -- I don't think that's the right way to advance the sort of protections and other things that the entertainers are looking for if we just do the Liquor license part. So if it comes up, that's been our position as a Board, and it would be open to hearing from other Board Members, of course. Now if it's not, but they just need -- they should do the full package of things, and then the LCB certainly could enforce that part of it. And the Board didn't object to that on any grounds other than we just didn't want to make that the only piece that came through. And a careful reading, I think not even a careful reading -- a reading of the taskforce report says that pretty explicitly, actually. It just says there are chores here for the Legislature and the LCB, and so I think that bill probably meets those standards, though I don't think we have an official position on the bill. But just as one, I would not object to it because we said we would do this if it came back to us after the Legislature had acted. Okay. Great. All right, thanks, Mark. Good work. Talk to you soon.

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## **BOARD MEETING AND EXECUTIVE ASSISTANT REPORTS**

Chair Postman: Okay. That brings us -- that was our one action item today. Now, it's just Board Member and Executive Assistant Reports. Anything, Jim or Ollie? Okay. I don't think I do either. We're a week into our search. I haven't heard from our headhunter if they've gotten applications, but that's something we'll start to get, hopefully, weekly updates on, so I'll check on that today. I'll make a call and see and let everyone know. Okay. With that, we will adjourn the Caucus for February 21st.

Meeting adjourned at 10:23 am.

Minutes approved this 15th day of January 2025



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Jim Vollendroff  
Board Chair



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Ollie Garrett  
Board Member

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

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