



## Washington State Liquor and Cannabis Board Meeting

Wednesday, August 28, 2024, 10:00 am  
This meeting was held in a hybrid environment

### Meeting Minutes

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#### 1. CALL TO ORDER

*Chair Postman called the regular meeting of the Washington State Liquor and Cannabis Board to order at 10:00 am on Wednesday, August 28, 2024. Member Ollie Garrett and Member Jim Vollendroff were also present.*

#### 2. CONSIDERATION OF CANNABIS COMPACT BETWEEN THE LIQUOR AND CANNABIS BOARD AND THE SAUK-SUIATTLE INDIAN TRIBE

**Marla Conwell, DIDA, Tribal and Government Liaison**

Chair Postman: Our first item up today will be the consideration of a Memorandum of Agreement, review and consideration between the agency and the Sauk-Suiattle Indian tribe, and I'll call on Dr. Marla Conwell to give us a quick brief, and I will just mention that we're honored to be joined today by the tribal chairman, Nino Maltos II who we will give an opportunity to say a few words after Board action. Dr. Conwell.

Marla Conwell: Good morning, Chair Postman, members of the Board and our audience. I'm happy to bring forward this Memorandum of Agreement (MOA) between the Sauk-Suiattle and the agency (HANDOUT 2). It's a liquor sales authorization of and this will be an umbrella MOA, so the first for the tribe, and we're very excited to see them with their new ventures beginning. So I'm seeking approval of this MOA from the agency and the Board.

**Member Garrett made a motion to approve the Memorandum of Agreement between the Sauk-Suiattle Indian Tribe and the LCB. Member Vollendroff seconded. The motion was approved.**

Nino Maltos: Hey, thank you very much. I just had something very short that I wanted to say. Again, my name is Nino Maltos II, I'm the chairman of the Sauk-Suiattle Indian tribe. I would like to thank the Washington State Liquor and Cannabis Board for working with the Sauk-Suiattle Indian tribe. We plan on doing our best with safe serving practices involving alcoholic beverages.

We are very appreciative of the partnership with the Washington State LCB and hope to carry on a productive working relationship. Thank you very much for this time to speak, and I hope everyone has a great day. Thank you.

Chair Postman: Great. Thanks, Mr. Chair, and we appreciate the government-to-government relationship we have with your tribe and others, and good luck with this endeavor.

Nino Maltos: Thank you very much, and I've got to cut it short so I want to thank everybody here, and we very much appreciate this. So thank you guys all.

### **3. RULEMAKING TIMELINES – ALL INDUSTRIES**

#### **ACTION ITEM 3A – Board Approval of CR 105 Regarding Revision to Gender-Neutral Terminology**

**Jeff Kildahl, Policy and Rules Coordinator**

Jeff Kildahl: Yeah. Thank you. Good morning, Chair Postman, and Board Members Garrett and Vollandroff. This morning, I am requesting the Board's approval to file a CR 105 rulemaking notice to propose rule updates to several sections in Title 314 WAC (HANDOUT 3A).

This rulemaking is for the purpose of including gender-neutral terminology in the regulations of the agency by updating gender specific pronouns in Liquor and Cannabis Board rules. This proposed rulemaking modernizes the agency's rule language to reflect contemporary standards of inclusivity and ensures that the language used in regulations is nondiscriminatory and equitable to all individuals, regardless of gender. The expedited process under RCW 34.05.353 is appropriate as the amendments are technical in nature with no substantive effect on the rules.

So for background on this project, the Board accepted a rulemaking petition on May 8th, 2024, to replace gender-specific pronouns, such as he, she, him, and her with gender-neutral terminology. This proposed rulemaking would replace those outdated gender-specific pronouns uniformly through agency regulations, which will bring these rule sections in line with modern standards of inclusivity.

If approved today for filing, we plan to file the CR 105 not today, but early next week, before the current Washington State Register deadline of noon on September 4th, 2024. This temporary delay is to allow for the Office of the Code Advisor to complete some current rulemaking codification of some of these same sections that are parts of other rulemaking. So for that reason, it makes amendments to those rules temporarily locked or unavailable.

So continuing with this timeline, the CR 105 would be filed in the very same issue of the Washington State Register, so the original timeline is preserved.

Notice of the CR 105 will be published in the Washington State Register on September 18th, 2024. As this project is expedited rulemaking, there will be no public hearings scheduled on the proposed rule changes. However, a 45-day public comment period will be open until November 4th, 2024. If the proposed rules do not require significant changes, we plan to present the CR 103 on November 6th, 2024, which will make the rules with the updates to gender-neutral terminology take effect on December 7th, 2024.

Thank you for considering this CR 105 regarding gender-neutral terminology in Liquor and Cannabis Board rules. Can I answer any questions with the rulemaking project?

Chair Postman: I don't have any, and I don't see any.

Jim Vollendroff: I don't have a question, but I do have a quick comment. I want to just acknowledge that language is important, and it signals something about our core values and how we operate, and so I really appreciate the time that the public took to bring this rule request forward and the work that staff did to work on this so thank you, Jeff. And with that, David, I think I'm ready -- I would like to make a motion that we approve the rule request regarding revision to gender-neutral terminology.

**Member Vollendroff made a motion to approve the CR 105 regarding revision to gender-neutral terminology. Member Garrett seconded. The motion was approved.**

**ACTION ITEM 3B – Public Hearing for CR 102 for Substitute House Bill 1453 – Medical Cannabis Patient Excise Tax Exemption Implementation**  
**Daniel Jacobs, Policy and Rules Coordinator**

Daniel Jacobs: Good morning, Chair Postman, Members Garrett and Vollendroff. This morning, I will give a brief review of the rulemaking, implementing Substitute House Bill 1453 on the medical cannabis patient excise tax exemption prior to the public hearing (HANDOUT 4A). As of today, we've received two written comments in support of the rules filed July 17th. And assuming that there's no testimony that gives us reason to substantially change the proposed rule language, the final rule language will be filed on September 11th, and effective October 12th. 1453 was passed during the most recent legislative session and went into effect on June 6th. It exempts cannabis sales from the 37% excise tax if all the following conditions are met. One, the cannabis is purchased by a registered patient or designated provider with a recognition card. Two, the cannabis is Department of Health compliant. And three, the retailer holds a medical cannabis enforcement.

The LCB is given rulemaking authority to identify the records that retailers need to keep, demonstrating that these requirements are met, and the tax exemption is currently scheduled to expire in June 2029.

We held two stakeholder engagement sessions in early June and incorporated some of that feedback into the draft rule language.

We've amended three existing rule sections, including 314-55-083 on traceability, 314-55-087 on recordkeeping generally, and 314-55-089 on tax reporting. These sections will have been changed to address the new requirements and to reference a new rule that we're proposing to create at 314-55-090, which is dedicated solely to this new tax exemption.

The thought behind creating a whole new rule is based on past experience with alcohol delivery allowances that were temporary during the pandemic but then made permanent by the

legislature. Similarly, here, if the legislature decides to later make this exemption permanent or to tweak it, we have the structure of a rule in place, and if it expires as scheduled, then we can rescind the rule at that time.

The language in 314-55-090 repeats the requirements of 1453 as well as requiring retailers to keep the following records for every sale where they are exempting the excise tax. The date of the sale, the unique identifying number from the recognition card, as well as its effective and expiration date, identifying information about what product is sold that is having the excise tax exempted from it and the total sales price.

There have been some other technical changes proposed to 314-55-087 and 314-55-089, such as updating LCB's mailing address, fixing some typographical errors and changing the acronym from WS LCB to LCB consistent with other rulemaking that was completed on July 31st.

During the public hearing itself, I'm not going to be able to answer any questions, but if questions arise during the public hearing that we would like to talk about after it's concluded, I'll be happy to answer those questions at that time. Thank you.

Chair Postman: You and I were exchanging e-mails yesterday about a piece of this, and I just want to try to get that clear my own head and get it on the record. What is the interplay here with what we'll be recording in our CCRS (Cannabis Central Reporting System), and the ability to track that these products have been tested for heavy metals, which is required for all medical-compliant product?

Daniel Jacobs: Sure. So that's one of the changes that's being made to the traceability rule. So the requirements in 090 that I went over about how retailers need to keep copies of all of those records, they are also going to be required to document that information in CCRS. So the date of the sale, the unique identifying information from the recognition card and all of that stuff.

The heavy metal testing. So currently, that's already required to be reported in CCRS. That's, I think, under 4k, which requires that all quality control testing needs to be reported to CCRS. And for DOH-compliant product, DOH rules require heavy metal testing, and they say that that heavy metal testing is in addition to the quality control rules, and so currently, heavy metal testing for DOH compliant product already needs to be recorded in CCRS.

Chair Postman: So it's there if somebody wants to try to find that. If we wanted to go and look and say okay, they've claimed this piece is medically compliant so they're getting the tax exemption, and we can show that it was tested for heavy metals as per DOH regulations?

Daniel Jacobs: Yes.

Chair Postman: That's great. That's it for me.

*Chair Postman opened the Public Hearing and invited citizens to address the Board. The Board heard from the following person:*

Caitlein Ryan: So good morning. Thank you for letting me speak this morning.

I'm glad to see all of you. I have a couple of comments that I want to call attention to that's not necessarily a recommendation for a change, and then I do have one change that I don't believe would be substantive, so I believe it can be attended to without pulling things down a bit. Daniel, I want to say thank you for joining to move on this quickly, so we have these rules in place.

One thing I wanted to point out, in 2(C) of the CR 102, in the new section, there's mention of the SKUs maintaining that SKU number. And I just want to highlight that sometimes, the SKU number is often utilized for keeping stock and isn't necessarily in alignment with the traceability number so just ensuring that retailers, if that is the case that if their SKU isn't the same as the sales bar code that they're being able to -- they know that there's a difference there, and they're making sure that they're retaining those records properly.

The other thing I wanted to share with you that we're hearing from some folks kind of speaks to the question that you were asking, David, regarding the test results in traceability. Some folks are struggling to get the lab to get the test results into CCRS, so it's not that the results don't exist. When asked for them, they're being supplied. However, if the rule is saying that they need to be in traceability, I'm just making sure that there's good education with folks so that they understand the T's that need to be crossed and the I's that need to be dotted in there.

And then finally, I do have one request in the new section. We appreciate all of the language of ensuring that LCB has what they need to have in order to audit, which I know also goes along with the legislation that's potentially coming up. We would also like to see part of the RCW which refers to 69.51A.235, talking about patients' confidentiality, that that be reiterated in the rule, as well, that there be some notes that all of this is in alignment with patient confidentiality as laid out in RCW and then, like I said, the 69.51A.235. I think it just bears repeating, and we've done that a couple of times for other parts within this rule set, and I think it would be worthwhile here, as well. And that's it.

*Chair Postman closed the Public Hearing.*

#### **4. GENERAL PUBLIC COMMENT**

*Chair Postman invited citizens to address the Board regarding any issues related to LCB business. The Board heard from the following people:*

Christopher King: Great, good morning, guys. Just a couple of things I want to bring to your attention real briefly here. We've watched this Board make sure that Natives got their thing, GLBTQI got their thing and your white cronies mostly got their thing. Meanwhile, black and brown sat here, adjacent to the whole process, waiting for something to happen. And now after much browbeating, licenses are finally going out, the whole nine yards. So this ties in with the three-minute rule that you have now, because I did some research, and Cannabis Observer noted that you did this, or you attempted to do this in 2019, but somebody testified and said the same thing that I said, which is that if it ain't broke, don't fix it. Because you see, some of you have meetings that run that long, and it's a concern and the meetings are scheduled for two hours anyway so it's never a problem. But now that all these other groups of people have their

thing, when it comes to black and brown, we don't get our thing, we get our time sliced, okay. That is definitely viewpoint-based discrimination, it's content-based discrimination, and it's evil. Yeah. It is. And I'm part Cherokee myself. I'm not like Elizabeth Warren, I actually am, and I'm applauding the fact that they got theirs, but where is ours for black and brown? That's the first thing.

The next thing I'm going to take you to is I got A's in law school in two courses, First Amendment Media, and Constitutional Law, so I'm going to bring both of those to bear for you right now real briefly. You have a situation where we know that you gave licenses to unqualified whites, and denied licenses to qualified black and brown, okay? Therefore, you have created a situation of your own making that requires a strict scrutiny analysis. You have a compelling governmental interest that is the discrimination you just did and continue to do, you have a narrowly tailored approach to it, which is to remedy the people who are qualified that you screwed in the first place, and then it has to be at least a means to reach the desired goal and that desired goal is some kind of justice, and that means reparations for the money you took, that means giving licenses out and this is what it's all about. I don't care if it's the governor, the AG's office or whatever, that's what I'm talking about. Do you understand me? Do you understand me? I'm speaking to you. Okay. I think the public understands. I think you understand me and then the legislators understand me. I think Gregory, and his partners over there at Cannabis Observer, that's the only place you can find continual information about the truth, and so I support them in their endeavors. And I think major media needs to a full-time team of reporters covering what you did to black and brown in this industry, as well as the cops, too. Yeah. Okay. That's all for now. I'll be seeing you soon. Goodbye.

Paul Brice: Hi, my name is Paul Brice, I don't think my video is working. Retailer, Happy Trees. Also, SCA. I'm at another cannabis convention. I'm not going to attempt to try to walk around and show you what the floor of this room looks like. It's for sure predominantly -- it's white. But I want to discuss the roll-out of how we're trying to do this next round. I already had a petition in about the title certs, but it seems so silly to not want us to have some type of studies on what was the first round's success. How many true black or brown actually received this license. I mean, again, we know what the tent was for. It was for black or brown, just like the gentleman before. It's as if the native Indian tribes worked to get something and then when you show up to see who all the winners were, you see a line of white people. The intent was for black or brown. Already being part of this program, again that I did not qualify by applying, even though I had high points and whatnot, but just seemed to miss it again, there was grant moneys awarded for by and for. We know what by and for meant. By and for, or what it stood for was for black or brown. If you had to associate yourself with a Black community, or if you're a Black person yourself, if you're by and for, you received this money. We all know that LCB is going to get lawsuits no matter how they roll this out. So accept it. We know no matter what, some people aren't going to be happy. So do the right thing. Let us find some true friends, that actually see the success, see where the intent for this is actually supposed to be awarded to, and then let there actually be, for the by and for, for truly the people that it was intended for and see that LCB actually cares to want to see success for this. Like that's where we're going to have to figure out how to work together and find friends in this relationship and have some type of trust. Seeing you guys actually try to do the right thing and again, not just cloak and dagger or try to

slip something else in so we can talk about something else, then say okay, "we'll give you this, and now, we're going to ruin the program this way." We all know this should go for black or brown. Let's keep it to the intent of where it was intended. Thank you. Y'all have a wonderful day. I hope we can actually find some friends in the LCB and success for this program. Thank you.

Michael Klein: So I think maybe I'm the only one in the state that went through the entire process from application through build-out, through my own traceability, sales, electrical, city permits, completed the entire process, no violations whatsoever. The issue, I think the biggest issue, I didn't realize this was just going to be about race, by the way, I got kicked out of high school. It wasn't a cake walk for me, either. I never felt like I wasn't going to be arrested -- for 20 years. We all had difficulties. But so the biggest problem I see right now is that there's commercial real estate brokers teaming up with property owners. And what they're actually doing is a bait and switch where they offer an employee contract to tell you they're buying a building, and they need a lease to your place, and then they don't build the building, and then they don't pay rent, utilities, or anything, and then the arbitration, since you guys won't find out the results for two more years, and it's meant to be private, you're going to deal with this in two years. It's a big problem. What they're doing is you go on Craigslist, find a commercial broker, type in I502 right away, confirm this. What they're doing is they get the property, they see the property owner, so first, they say we're going to write this up in three contracts, they only submit one to the LCB and say nothing else attached, okay? The LCB doesn't require anything from me, so I never signed anything. The Department of Revenue doesn't require any signature at all. So in my case, I knew it was a con. I was correct, they still didn't build a greenhouse three years later. The arbitrators took my side, but you'll see in Odessa Washington is where they're stacking up licenses, and so they come in and tell you, you know, we're going to offer you a job. And this is the biggest problem, because the court costs, the lawyer charges \$600 an hour and most people have to back down.

Peter Manning: Good morning to the Board members, Chair Postman, Vollendroff and Ollie Garrett. For whatever reason, the Microsoft Teams will not allow me to change my title. So for future references, if it doesn't allow me, Black Excellence in Cannabis, is normally me. My name is Peter Manning, I'm with Black Excellence in Cannabis, I'm the president. I would like to chime in on what Christopher King said and also, what Paul Brice says, as well. I did attend an event, it was a happy event, but it was predominantly all white. I think it was myself, and two other Black people there in the cannabis industry. This landscape has been this way since its inception in 2015, when the state decided to take medical marijuana over. Stripped that and robbed us Black people of that. And I did bring it to the attention of one of the Board members that is currently on the Board now. That was Ollie Garrett in 2016. That totally was disregarded, through pestering the LCB, the report was done, followed up by the Heinz report. Even in despite of all of that information being given to the LCB, under Jane Rushford and Russ Hauge, and Ollie Garrett, nothing changed with the black or brown community in the cannabis industry. And that was in 2016, 2017. 2019 is when the lawsuit kicked in and then that changed the whole landscape, everything. Once again, I'll say this. It takes legislative action with the LCB or legal action to make you guys understand that you guys have done Black people wrong. It's always been that way. When you guys were the Liquor Control Board, you guys didn't give licenses to

Black people. That's evident. That's proven. We have no liquor stake in the State of Washington. We have no liquor stake in this business. We don't even have cannabis in this business. It's like every avenue you guys touch to keep us marginalized from economic wealth. I truly believe that wholeheartedly, that white supremacy is scared of Black independence, because it killed it. And in this agency, it has been -- they have upheld the white supremacy. It's just -- look at the landscape of the industry now. That's why I called for people that helped put that in place. Rick Garza, Rebecca Smith, Jeanie McShane, Nicola Reid, Beth Lehman, they all need to be fired. They need to be let go. They are the ones that helped create this system. They are the ones. Everyone else is gone. They need to go, as well. You guys need to clean house and get this right for black and brown people. We need to stop messing around and make it happen for us. It's not right, Postman, and you know it. And we're going to take you to court. Thank you.

Chair Postman: What he says is not right, it's not correct; it's not true; it's not fair, mentioning people who are among the people who have worked the hardest on this program. Understand as Mr. Brice said there are some differences about what that program looks like as it rolled out, but this is now the second installment from legislation promoted by the LCB and working with the community to do that. And I just think it remains just troubling that those that have spent the most time and been the hardest on themselves and the current system to improve it are the ones whose names get read off every other Wednesday. I think that's beyond unfortunate.

So I'll keep saying that. So with that, we're adjourned.

## 5. ADJOURN

Chair Postman adjourned the meeting at 10:36 am.

Minutes approved this 9th day of September 2025



Jim Vollendroff  
Board Chair



Ollie Garrett  
Board Member



Peter Holmes  
Board Member

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

<b>LCB Mission</b> - Promote public safety, public health, and trust through fair administration, education, and enforcement of liquor, cannabis, tobacco, and vapor laws.
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