



Board Caucus Meeting

Tuesday, December 6, 2022, 10:00 am

This meeting was held in a hybrid environment

Meeting Minutes

CAUCUS ATTENDEES

Chair David Postman

Member Jim Vollendroff

Dustin Dickson, Executive Assistant

GUESTS

Rick Garza, Director

Kathy Hoffman, PhD, Policy and Rules Manager

Jeff Kildahl, Policy and Rules Coordinator

Cassidy West, Policy and Rules Coordinator

Daniel Jacobs, Policy and Rules Coordinator

At 10:00 am, Dustin Dickson announced that the meeting lobbies were open, and the recording had begun.

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

NEW EMPLOYEE INTRODUCTIONS

Kathy Hoffman, PhD, Policy and Rules Manager

Dr. Hoffman introduced Cassidy West and Daniel Jacobs, the new Policy and Rules Coordinators. Cassidy has a background working in the cannabis industry in Colorado and will be focusing primarily on the cannabis rules. Daniel is an attorney and has worked for the Insurance Commissioner's Office and the Health Care Authority.

POLICY AND RULES TEAM UPDATES AND BOARD MEETING PREP

General Updates and Timelines All Industries – Kathy Hoffman, Policy and Rules Manager

Kathy Hoffman: Thanks, Chair Postman. And now that we have Cassidy and Daniel on board with us, we can resume some of the work that we started towards the early part of fall. So, Daniel will bring forward the 101 hopefully in January, on the rule project related to cloud storage. So that is based on the petition that we received and you approved, related to cloud storage. And then Daniel will also pick up the work that Audrey started with respect to staff requests for rule changes on the alcohol side that we have been working on for several years. In January we will probably look for the 101 related to allowing entities like the Elks club to have more than one promotional event a quarter, and that was also a rule petition that the Board approved. And then moving on to cannabis, with respect to the canopy rule project, we held our second World Café on the 29th. It was highly successful, I would say we are learning a lot about how to run World Cafés a little more efficiently. I am going to kick it over to Jeff just for a second to give you a little bit of an idea of what we learned during that session, because Jeff, you are pretty well on top of that, right?

Jeff Kildahl: Thank you, Kathy. Thank you, Chair Postman. Yes, we had the second World Café session, and in this session, based on the discussions from the first World Café meeting in October, we continued the discussion and talked about the possibility of regulating cannabis in a different way, regulating production rather than canopy, what would some other ways of regulating the amount produced, what other ideas we would have. So, we talked about other possibilities, such as plant counts, and having tiers defined by yield rather than by actual canopy. We had a good discussion, and we had a lot of people who showed support for maintaining canopy but providing more set standards for how canopy is measured and determined. There is a consensus that space that is not under a plant should not count towards that and I know that we have to measure for pile space and rows and space like that, but we had a good robust discussion. Some people have expressed interest in a yield or weight-based production limit, but I would say that from our sessions, the takeaway from the second World Café was that people are comfortable with the canopy notion that we have now with that concept, so we will be continuing, and I will be analyzing the notes and the recordings from the from the second World Café and memorializing that discussion. So, I think it is coming along. It is very interesting, and it is a complex topic for sure.

Chair Postman: When you say that people seem to be comfortable with the system, what do you mean just in the sense that there is an acceptance that this is a tool we need, that it should be done on some canopy-based thing, but we are still talking about exactly what that means, right?

Jeff Kildahl: Right. I think that is a good way to put it, rather than looking away from canopy, I think the discussion trended towards the system that we have, and being that producers are operating under established footprints and established spaces, I think that is what is familiar, and there were some concerns about a weight system, because then there was an opinion amongst some of the participants that having a yield based system would skew the production towards certain varieties of cannabis, which may be just the ones that are heavier producing, which may affect the market or consumer demand. So, it was very interesting.

Kathy Hoffman: I think the thing that I heard, at least in the breakout room that I was leading, is there was a request for standardization and standard application across the board. So, the rules are being interpreted in the same way for every production facility in Washington State. And that, I think, in turn, would provide some predictability, some stability, for producers, and at least that was a theme in the room that I was working with. Jeff, you are kind of speaking to that.

Jeff Kildahl: Thank you, Kathy. That is true. That really is the underlying theme.

Chair Postman: I think that would, not to speak for the whole Board, but would be my top priority, is what is uniformly enforceable and enforced statewide. And one thing that would help me when we do come to some point of this discussion, too, is to [cuts out briefly] why is canopy measured and restricted and limited? What is it, I think that would help us all, to as a little refresher for the agency and our licensees too. It is not just done because we want to do it. There's a reason for it, and that then gets down to exactly what is measurable canopy and what is required for growing and then of course, we have indoor grows and outdoor grows and indoor grows that want to [cuts out briefly]. So, yeah, anyhow, that is one of the things I have been scratching my head over

Kathy Hoffman: Thanks, Jeff. So, moving on to the cannabis advertising project. I know that is of interest to many. Cassidy's becoming acquainted with that file and is reworking the timeline on that, and we will be able to give you an update at the next Board meeting in early January on the status of that project, and how we are going to move it forward. And then she is also taking a look at the two approved rule conditions regarding persons under 16 and over 16, on cannabis production facility premises. She is going to dive deeply into that, there is a lot of history with that particular rule project that she needs to get caught up on, and then she will be able to bring that forward, probably the end of January. I think that is what we were talking about when we met last week. Lots of rules work in the future that we can sort of bring back to the floor again, and we are really looking forward to that. Before I talk about Board prep for tomorrow, I also wanted to just keep you updated on what happened with the Cannabinoid Science workgroup last week. The two of you were there at different times, but it was a really good discussion, primarily around members being able to become acquainted with each other. We took down all of the questions that each participant proposed, and we will be circulating those questions in the coming week, there was just a lot of content there for us to think about. I think I heard from many, including some people I am here with, about the diversity of the group, and just the composition of the group and how well it seemed to cover all of the interests that we bring to this work. So, we are really happy with the way that work is progressing at this point, even though we have just had one meeting so far. So, very happy with the direction that is taking, and just the way the group just kind of came together.

Rules Petition Review and Consideration Requesting Amendment to WAC 314-17-015 to Allow Class 13 Permit Holders to Pour Alcohol and Open Bottles at the Counter Just as Class 12 Permit Holders Do – Kathy Hoffman, PhD, Policy and Rules Manager

Kathy Hoffman: If I may, I will just move on to Board prep for tomorrow. Jeff and I will both be presenting recommendations with respect to rule petitions we received. I am going to provide recommendations that on a petition we received in mid-October, asking the agency to consider rulemaking that would allow a Class 13 alcohol server permit holder to engage in the same activities that a Class 12 alcohol server permit holder engages in, and then Jeff will be offering a recommendation, a cannabis related rule petition tomorrow as well. I don't know if you want to speak to that, Jeff, I know you have been on already.

Rules Petition Review and Consideration Requesting Amendment to Cannabis Licensing Fee Structures to Reward Growers that Shut Down for at Least One Year by Reducing Their Licensing Costs to 10% – Jeff Kildahl, Policy and Rules Coordinator

Jeff Kildahl: I could briefly speak to it, Kathy, thank you. I will be presenting the response to a rule petition received on October 13 from Jeff Merryman. The petition requests that the agency create a new administrative rule to reduce the cannabis producer license fee by 90% for any licensed producer that shuts down production for at least one year or more. The producer license amount is established in RCW and is currently set at \$1,381.00 per year. So, the issue is whether we should initiate rulemaking to consider a change to the license amount. Mr. Merryman states that the rule is needed because there is a need for responsible growers to shut down for a few years to help market conditions, and he does specify that a dormant producer would have to reimburse the LCB for the remaining portion of the license if they did resume production in a time shorter than that one-year

window. So, I thank you for the opportunity to present the request tomorrow, and I would be happy to answer any questions about it.

BOARD MEMBER AND EXECUTIVE ASSISTANT REPORTS

Chair Postman: Okay. Great. Thank you, then that takes us to Board member and Executive Assistant reports, and first Rick, I will just check with you. You guys are at the Cannabis Regulators Association Conference, is there anything you can share with us, what is the buzz?

Rick Garza: Well, I think two really good first sessions that we heard. One that Justin was a part of, with Axel Barnaby, who is the administrator from New York, and someone from Illinois, talking about market structures. And we can bring that back to you. But it is really about 'how did you decide how you were going to put your systems together?' We are a unique state in that we do not allow vertical integration. What does that mean? And what about when you put caps on the number of licenses? And what does it mean for social equity? The person from Illinois, can't think of her name right now, spoke specifically about their proposals to create social equity, community investment funds. So, a lot of really, like I said, it has been quite a while since we have talked about 'how did you decide how you were going to put your structure together?' For us, we did not get to decide, it was in the initiative. But for states like New York, they got to take the time to learn from states like our own, what are the things that worked and did not work? So, I thought it was really interesting, the second session, and please jump in, folks. The second session was on this whole issue of hemp, cannabinoids, and we had six separate states, including, including Kathy, there, talking about really the difficulty of doing this, and how we are all struggling with trying to deal with delta-8 gummies, and the rest of it, you all know, all the stuff that is out there that likely is impairing or intoxicating, and not knowing how really to deal with it. Really a discussion about this began with the 2018 farm bill, it was a problem that was created by the Farm Bill, and it probably has to be fixed there, because we are all struggling and trying to determine how to address it ourselves. I spoke very briefly about the revised THC bill that we are going to bring forward that we hope will take care of it, but I will let Jim and Kathy jump in, but just listening to all six states, including our own, it was kind of like a big sigh like, this is really difficult. We are struggling with this. We are not sure what to do. A belief that CANNRA because we are the one organization of 42 states. And by the way, I think I heard that with 36 states here today, about 160 regulators or folks that work like [unintelligible]. We think we have eight people present, but it is a really good first few sessions. I will stop there and let Jim and Dr. Hoffman jump in.

Member Vollendroff: I think you covered it well, Rick, I think that for me, David, I heard from Illinois in particular, I was really interested in what they had to say in terms of market structure, and one of the things that they did right from the very beginning is put aside 20% of their tax revenues to reinvest in communities that were disproportionately impacted by the war on drugs, and so I actually had a question about that, because I think it for me, it goes beyond communities that have been impacted, but it is also recovery communities, and it is young people and its parents. I really believe in reinvesting some of the revenue that is brought in, back into the system. So that was intriguing, but other than that, Rick, I think you have covered it well.

Kathy Hoffman: I would agree with that, and I would also agree with Rick indicating and I certainly felt it just a sigh of relief that we are all sort of struggling around hemp cannabinoids, and what a

challenge that is for us, especially in Washington State, given that LCB has no regulatory authority at all with anything related to hemp. So, it is interesting to hear how other states have handled it, but it is also, as I say, really relieving to hear from the regulators' perspective that we are not in this alone and all the other states are challenged by this, and what the implications for the 2023 Farm Bill might be.

Member Vollendroff: The other thing, David, going back to your comments. When you were mentioning Cassidy and the fact that she has experience and that we have hired somebody, there is something special about being in a national meeting with people who are doing this around the country. And I was sitting there thinking this morning, actually, I was thinking about Cassidy, I was thinking about you this morning, when I was in this room of people and thinking this 'yes, this is really showing how far we have come in terms of professionalism and understanding and research and just regulatory and policy and all of these things,.' And it is just great to be around other people who are struggling with the same thing so we can have some really rich, deep conversations about these things.

Chair Postman: I will just say I look forward to hearing more. I am glad you are all there and take a lot of notes, that would be great.

ADJOURN

Meeting adjourned at 10:27 am.

Minutes approved this 7th day of January 2026



Jim Vollendroff
Board Chair



Ollie Garrett
Board Member



Peter Holmes
Board Member

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

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