



Washington State Liquor and Cannabis Board Meeting

Wednesday, January 6, 2016, 10:00 a.m.
LCB Headquarters - Boardroom
3000 Pacific Avenue SE, Olympia WA 98501

Meeting Minutes

1. CALL TO ORDER

Chair Jane Rushford called the special board meeting of the Washington State Liquor Cannabis Board to order at 10:00 a.m. on Wednesday, January 6, 2016. Member Ruthann Kurose was also present.

2. ACTION ITEMS (A-B)

- A. Board Approval to File Supplemental CR 102 of Rules to Implement 2015 Marijuana Legislation
- B. Board Approval of Emergency Marijuana Rules.

ACTION ITEM 2A - Approval to file proposed rules (Supplemental CR 102) to implement 2015 marijuana legislation.

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUT(S) 2A 1-3). She provided a brief background noting that this rulemaking is the result of 2015 legislation. E2SHB 2136, 2SSB 5052, and SB 5121 were passed during the legislative session. New rules and revisions to current rules are needed to implement these bills.

A CR 102 with proposed rules was originally filed with the Code Reviser's Office on September 23, 2015. Six public hearings were held around the state to obtain input from stakeholders on the proposed rules. The board received many thoughtful comments from our stakeholders. After reviewing the comments the rulemaking group made revisions to the proposed rules based on the comments received at the public hearings.

Karen McCall provided a summary of the changes made based on the comments received.

314-55-020

- Added Employment Security and Labor and Industries (must be up to date on taxes).
- Removed six month residency requirements for financiers.
- Added "Employee Compensation & Benefits Data to operating plan requirements.

314-55-035

- Removed "financiers" from true party of interest matrix.

314- 55-077

- Removed language prohibiting the use of terpenes and cannabinoids.
- Removed language prohibiting characterizing flavors for inhalants.
- Added requirements that "Mr. Yuk" stickers must be on all labels for marijuana infused edible solid and liquid products.
- Added language prohibiting marijuana infused products that require baking and cooking.

314-55-079

- Removed the requirements that a retail store must carry a minimum of 25% of their inventory in medical marijuana products after the second year of business.

314-55-081

- Added formula for the number of retail outlets.

314-55-096

- Added section for "education Samples".

314-55-102

- Removed proposed language requiring retesting after 30 days.

314-55-107

- Created new section adding requirements for a marijuana compliant product.

314-55-115

- Added requirements for licensees using a money transmitter as a form of payment for marijuana.

314-55-301

- Changed delivery time from 24 hours to 48 hours.

314-55-430

- Added CO2 as a solvent that can be used for extraction under certain conditions by qualifying patients or designated providers.

Timeline

January 6, 2016	Board is asked to approve filing the proposed rules (Supplemental CR 102 filing)
January 20, 2016	Code Reviser publishes notice, LCB sends notice to rules distribution list
February 10, 2016	Public Hearing
February 10, 2016	End of written comment period
February 24, 2016	Board is asked to adopt rules
February 24, 2016	Agency sends notice to those who commented both at the public hearing and in writing.
February 24, 2016	Agency files adopted rules with the Code Reviser (CR 103)
March 26, 2016	Rules are effective (31 days after filing)

Chair Rushford commented that the Board appreciates all of those that contributed to the changes reflected here today. There was a major investment in going out to six communities. Many participated or provided comments. We brought that information back and took a serious look at where we could make improvements to the proposed rules. Your voices are really important in our process, and we endeavor what is going to make this the safest and best industry possible. Chair Rushford acknowledged the LCB staff for their work. Member Kurose also acknowledged and thanked the stakeholders and staff for the work on the proposed rule.

Ms. McCall then requested approval from the Board to file proposed rules.

MOTION: Member Ruthann Kurose moved to approve the filing of proposed rules (CR 102) to implement 2015 marijuana legislation.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 2B - Approval to file Emergency Rules to implement 2015 marijuana legislation.

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUT(S) 2B 1-3). She provided a brief background noting that this rulemaking is the result of 2015 legislation. E2SHB 2136, 2SSB 5052, were passed during the legislative session. New emergency rules and emergency revisions to current rules are needed to implement sections of these bills to ensure that medical marijuana will be available to patients by the date that collective gardens are mandated to be closed, July 1, 2016. These rules will protect the health and welfare of medical marijuana patients in the state of Washington.

The emergency rules are necessary for the preservation of public health, safety, and general welfare. The board adopted emergency rules on September 23, 2015, that expire on January 21, 2016. New emergency rules are needed until the permanent rules are in effect. These emergency rules will be effective upon filing with the Code Reviser's Office and will expire on April 11, 2016.

The emergency rules will become part of the permanent rulemaking the board opened on July 15, 2015, which also includes revisions to additional marijuana rules in chapter 314-55 WAC.

Timeline

January 6, 2016	Board is asked to approve filing the Emergency Rules
January 6, 2016	The Emergency Rules become effective
April 11, 2016	The Emergency Rules expire.

Ms. McCall then requested approval from the Board to file proposed rules.

MOTION: Member Kurose moved to approve to file Emergency Rules to implement 2015 marijuana legislation.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

7. ADDITIONAL BUSINESS

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

Anne Sulton – Owner of a recreational retail location

Ms. Sulton wanted to commend the board and staff for the 227 page board handout made available online. It shows that the board and staff have invested a tremendous amount of time to identify rules and parameters to move forward in this industry. As a retailer in this industry she is particularly appreciative of this effort. There are two areas of this rule she wanted to draw attention to:

1. Concerns with proposed WAC 314-555-083(1) Display of identification badge, There could be possible identity theft issues. Feels that WAC 314-14-555-083(1)(d) is sufficient since they must provide identification to WSLCB enforcement officers.

2. Concerns with proposed WAC 314-55-020(13)(b) Employee compensation and benefits data. She said they start pay at \$15 per hour and feels it is overreach by the government to tell business what the pay and benefit package should be.

Ian Eisenberg – Owner of Uncle Ike's

Uncle Ike's has the medical endorsement, but said it will be very unlikely they will keep the endorsement after July. He is concerned that checking the ID for medical marijuana age issues for those under 21 years of age will be difficult to meet since the pace is faster than he believes people realize. With the medical rules being added it is going to be difficult to enforce sales limits for medical patients. Believes the market is going to be low and the risks too high. Also, insurance is going to be too costly if they sell medical marijuana. Strongly believes that the way to deal with the insurance cost and age issues is to allow new licensees to sale medical only and not recreational.

Annette Atkins – Owner of Hwy 420

Ms. Atkins would like to echo what Ian of Uncle Ike's said. She wanted to also add that with the increased number of stores and competition on a tight budget and cost of doing medical issues that make it difficult to move forward. Would like the board to consider making new licensees medical only.

Eric Gastron – Owner of The Evergreen Market

Mr. Gastron thanked the board for the work they have done. Would like to echo what Ian of Uncle Ike's said. Feels that compliance will be a nightmare with two difference types of customers. Example if they sold over 3 oz. of marijuana to a recreational customer they are shut down; if they sold to a patient that with an expired green card, the business would be closed. Insurance companies have concerns with medical marijuana sales and it is going to be too expensive or may not be able to get coverage at all. Would like to see two separate licenses and locations for retail and medical marihuana.

Logan Bowes - CORE

Mr. Bowes wanted to thank the board for the work on the proposed changes, especially the sample changes. Concerned with the number of retail locations that will be allowed. In reviewing both the December 2015 and 2013 BOTEK study the total recreation number stores should be much lower. Feels that the stores are doomed to failure because the market is not large enough to support this many stores. CORE will submit their information in writing.

Issac Leff- Owner of Green Lady

Mr. Leff wanted to thank the board and staff for the work they have done. The Green Lady has concerns with the ID issues and cost. Feels WAC 314-55-10(14) is too expansive and would be difficult to meet the requirements of this section.

April Roth – Uncle Ike's

Would like to see a separate license for medical and recreational.

Jerna Pillert – Hashtag and CORE

Wanted to add her voice to the others who are also requesting a separate license for medical and recreational.

Jim Mullen – The Herberg, Vancouver WA

Would like to voice concerns for stores near the Oregon border. Their market is uniquely disadvantaged due to the Oregon market and lower tax rate. Would like the board to reconsider not allowing more retail locations to open in their area.

Liz Hallock – Attorney

Feels WAC 314-55-10(14) would be difficult since she sometimes has her child in the car for a short time in the parking lot. Concerns with the bundling issues and enforcement. Feels the medical change is going to be successful and just needs time to see how it does work.

Jerry Derevyanny – NWCS

The proposed rule and change to require the Mr. Yuk labeling on edibles is not a good change. Feel children will get confused with Mr. Yuk on a cookie and not associating it in the future with poisons. The additional cost is an issue and feels the current childproof packaging is working. They will submit their comments in more detail in writing.

Rebecca Johnson – UFCW

Wanted to thank the board for adding the collection the employee compensation and benefits data to the proposed rule. Would have liked to have seen it be part of the merit based application and be considered in licensee and renewal processes, but thank you for taking this first step.

Jim MasRae

On the lab testing we have expectations that labs will be efficient and produce accurate results. Mr. MasRae points out that there is an odd pattern to the results and has made LCB aware of this and draws attention to the Seattle Times article today. He referenced his blog on <http://www.highintelligence.org/>. He would like to acknowledge that this spring LCB did a good thing giving labs specific direction to report total as THC max. There was high variability of what was reported to that point and it seems to be coming more into line. Some labs are clearly different and what is being reported differs. Feels there could be a threat to public health and loss of trust by the public for the labs. Also said that the BOTEC study is flawed. Mr. MasRea submitted information to LCB.

Vicki Christophersen - WACA

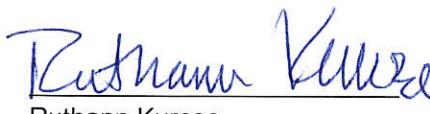
Ms. Christophersen requested that we hold off on issuing licenses in Vancouver area so that further analyses can be done to look at the unique circumstances for that area.

ADJOURN

Chair Rushford adjourned the meeting at 10:50.

Minutes approved this 13 day of January, 2016


Jane Rushford
Board Chair


Ruthann Kurose
Board Member


Russell Hauge
Board Member

Minutes prepared by: Lisa Faker, Executive Assistant to the Board