



## Washington State Liquor Cannabis Board Meeting

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

### Meeting Minutes

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#### 1. CALL TO ORDER

Chair Jane Rushford called the regular meeting of the Washington State Liquor Control Board to order at 10:00 a.m. on Wednesday, February 10, 2016. Member Ruthann Kurose was present and Member Russell Hauge joined the meeting by phone.

#### 2. APPROVAL OF MEETING MINUTES

MOTION: Member Kurose moved to approve the January 27, 2016, meeting minutes.

SECOND: Member Hauge seconded.

ACTION: Motion passed unanimously.

#### 3. Marijuana Retail Updates – Becky Smith, Licensing and Regulations Director

Becky Smith provided an update on the processing of the retail license applications for the Cannabis Patient Protection Act, HB 5052.

- 1,628 applications received
- 168 in priority one
  - 14 have been licensed
  - 130 that are assigned for investigation
  - 12 more retailers for final inspection, four in fee collection and 13 approaching final inspection
- 58 in priority two
- 829 in priority three
- 311 applications withdrawn
- 24 communities are now closed
- Still processing 502 applications; currently have 247 retailers, five pending final inspections and 26 moved up for final inspection
- 840 producer/processors have been licensed, close to 9.8 million feet of plant canopy

At the last Board meeting we had heard concerns that retailers would not be able to get insurance. Licensing investigated, 85 retailers that have endorsements said they that have not had issues with their insurance. Also contacted three of the largest insurance companies, and they said they have no issues insuring the retail locations for the medical endorsement.

#### **4. DOH Rules Update – Kristi Weeks, Dept. of Health (HANDOUT 4A)**

Kristi Weeks, Dept. of Health, presented a HB 5052 and HB 2136 implementation update.

#### **5. PUBLIC HEARINGS (A-B)**

##### **PUBLIC HEARING 5A – Public Hearing for B/W Gift Delivery Licenses Internet Sales & Delivery**

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUT(S) 5A 1-2). She provided background noting that this is to create a new rule that clarifies requirements for a beer and/or wine gift delivery licensee to sell over the internet and deliver beer and wine to their customers.

Chair Rushford opened the public hearing and invited testimony. No one came forward for comment.

##### **PUBLIC HEARING 5B – Public Hearing on Rules to Implement 2015 Marijuana Legislation**

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUT(S) 5B 1-3). She provided background noting that this is the public hearing for proposed revisions to rules (Supplemental CR 102) for implementing 2015 marijuana legislation in Chapter 314-55 WAC Marijuana Licenses, Application Process, Requirements and Reporting.

New rules and revisions to current rules are needed to implement the following legislation that passed during the 2015 legislative session:

- 2ESSHB 2136 Marijuana Market Reform
- 2SSB 5052 Cannabis Patient Protection Act

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 feels that revisions to the proposed rules are needed based on the comments we received at the public hearings.

Changes to the proposed marijuana rules:

##### **314-55-020**

- Added Employment Security and Labor and Industries (must be up to date on taxes)
- Removed six month residency requirement 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 requirement 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 or 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
- Removed residual solvent testing in (9)(b)(iii)

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

314-55-310

- 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

Karen McCall said she has received about 80 comments in the past two days. Normally we would be back at the next Board meeting but expects they will need at least 30 days to review all the comments so will not be adding to the agenda in two weeks.

Chair Rushford opened the public hearing and invited the first citizen to the podium.

Lewis McMurrin – Cannabis Org. of Retail Establishments (CORE)

Mr. McMurrin requested two changes. 314-55-02013 disclosure rule requires extra reporting for the licensee that doesn't add value to the public. Second concern is with identity badges and requests that only name and picture be required on the badge.

Dr. Anne T. Sulton, Esq. A Bud & Leaf, Inc. (CITIZEN HANDOUT 1).

Dr. Sulton provided a hard copy of her comments.

Dr. Alexander Garrard – Washington Poison Center (WPC) (CITIZEN HANDOUT 2).

Dr. Garrard expressed concerns with the rising number of call center inquiries regarding marijuana use. 245 calls in calendar 2014 associated with marijuana and pediatric exposures, 272 cases in 2015 regarding marijuana with 50% of those involving children and marijuana products. The WPC supports use of an image in marijuana packaging to deter children and would like to see it include their call center number.

Elizabeth Hallock – Yuki's

Ms. Hallock has concerns with the priority system and out of state financing.

Frank Fauls – EGP LLC Tier 2 Licensee

Mr. Fauls supports the producer and processor comments submitted today with 355 signatures. Destruction of inventory for penalties does not fit the "crime". They would like the board to re-evaluate the penalty structures for producers and processors.

Linda Schaeffer – Vashon Island Organics

Ms. Schaeffer has concerns with the sample quantities being set too high. Concerns with the definition of licensed premises. Her home is on the same property as her licensed business. Allow a URL on the packing rather than the requirement of providing accompanying materials on marijuana products.

Dan Deulin – Db3, Seattle WA

Tier 2 producer/processor in Seattle who manufactures edible products. Mr. Deulin opposes "Mr. Yuk", he said he does not manufacture poison, they produce approved edible products and finds it disturbing to place a poison sticker on their product.

Issac Leff – Green Lady Marijuana

Definition of licensed premise is too broad. Requirement to list date of birth on identification cards is not needed.

Shawn DeNae – Washington Bud

Penalty structure for producers and processors is too harsh. 20 foot land buffer requirement is too large.

Eric Gaston – CORE/Evergreen Market

Licensed premise definition is too broad.

Logan Bowers – CORE/Hashtag

Licensed premise definition is too broad. Submitting written comments on how licensed allocation for retailers is set.

Ian Eisenberg – CORE/Uncle Ike's

Licensed premise definition is too broad. Allow a URL on the packing rather than the requirements of providing accompanying materials on marijuana products.

Austin Peaks – Green Peaks

Traveled 12 hours today to be at this meeting because he feels it is important to provide you with his comments. Opposes "Mr. Yuk" stickers. Would like to see more samples allowed.

Mike Graham-Squire – WASAVP and SE Seattle Peace Coalition

Thanked the board for now allowing bake-at-home edible products. Supports the Mr. Yuk imaging or other similar labeling but feels a better option would be not to allow any products that appeal to youth. Recommends that we do not allow products that resemble commonly sold food items. A more defined and broad definition of what is appealing to youth. Would like to see an increase in the fines for advertising violations. Advocate for truth in advertising that does not promote positive benefits or health promotion claims. As they work in the prevention community to support our youth in staying drug free, we

are up against a steep downturn in youth perception of harm those billboards really do a disservice to the prevention.

Jeremy Moberg – WSIA & Cannasol

Mr. Moberg supports the producer and processor comments submitted today with 355 signatures. Destruction of inventory for penalties does not fit the “crime”. They would like the board to re-evaluate the penalty structures for producers and processors. Requirement to have a 20 foot buffer between property lines is reducing their canopy. They are an outdoor seasonal grower and this requirement was not in place when they were first licensed. Allow a URL on the packing rather than the requirements of providing accompanying materials on marijuana products. Licensed premises language is too broad.

Ezra Eickenmeyer – E & A Strategic Consulting

Penalty for producers and processors are too harsh. Penalties need to be appropriate to the mistake. Sampling should be permitted at 1 gram per lot. Out of state financing is a good change, would like to see out of state equity investor also be included. Would like to see an increase from three to five retail stores per licensee.

Susan Gress – Vashon Velvet

Supports out of state financing. Sampling amounts are set too high, retailers could purchase the samples.

Susan Wilson – W.O.W. Weed

Ms. Wilson supports the producer and processor comments filing today with 355 signatures. Destruction of inventory for penalties does not fit the “crime”. They would like the board to re-evaluate the penalty structures for producers and processors.

Aaron Inman – Green Source

Mr. Inman supports the producer and processor comments filing today with 355 signatures. Destruction of inventory for penalties does not fit the “crime”. They would like the board to re-evaluate the penalty structures for producers and processors.

Gary Green – Vashon Weed Company

Mr. Green is a Tier 1 producer/processor in Washington and wanted to provide comments on his concerns with the proposed rules. He will submit his comments in writing instead of giving them in person today.

Jerry Dereuyanny – WACA

Would like tipping for bud tenders to be allowed. Inventory destruction is too high of a fine. Allow a URL on the packing rather than the requirements of providing accompanying materials on marijuana products. Licensed premises language is too broad.

Mark Childs – Oly Smokes

Mr. Childs opposes “Mr. Yuk” stickers. Cannabis is not a poison and putting a sticker on an approved edible sends a mixed. Opposes out of state financing.

Monica Martinez – The Cayx Co.

Ms. Martinez supports the producer and processor comments submitted today with 355 signatures. Destruction of inventory for penalties does not fit the “crime”. They would like the board to re-evaluate the penalty structures for producers and processors. Sample amounts are too high for a small

producer/processor. As a producer/processor she feels that they should have an owner's allotment allowed.

Rob LaChance – Pearl Extracts

Has concerns with cannabinoids and terpenes in section 77. A lot of work needs to be done on pesticides and testing. Testing on the effects of terpenes on inhalation has not been done. Be conservative in this area and wait to change this rule.

Crystal Orcuft – Washington's Finest Cannabis

Provided written comments on the proposed rules. Subcommittee should be organized to advise the board on the rules. Penalties are too severe for producers and processors. Growth regulators

Kevin Oiver – Washington's Finest Cannabis

Mr. Oiver opposes "Mr. Yuk" stickers. Marijuana is not considered toxic and feels alcohol and other products are more dangerous and do not require a Mr. Yuk sticker. Proposed growth regulators should be reviewed, farmers should be able to reproduce their own strains.

Sean O'Leary – Pioneer P&P LLC

Mr. O'Leary would like the board to re-evaluate the penalty structures for producers and processors. In store demonstrations are helpful to the retailers and would like to see it allowed. Would like additional sampling for employees be allowed.

Jim MacRea – Etcetera

Requests an update on the small business impact survey. Mr. MacRea opposes "Mr. Yuk" stickers. The number of retail stores allowed is not enough. Priority status system is not following the rules set forth and is very confusing to figure out how they are prioritized.

Crystal Bohannon – Honu Enterprises, Longview WA

Ms. Bohannon supports the producer and processor comments submitted today with 355 signatures. She opposes "Mr. Yuk" stickers, thinks stickers attracts children and does not deter.

David Fank – Green Vault

Mr. Fank is a tier 2 producer processor that supports out of state financing.

Lara Kaminsky – The Cannabis Alliance

Ms. Kaminsky opposes "Mr. Yuk" stickers. Reconsider the cap of retail stores.

Bob Morke – Lucid

Mr. Morke would like to see the LCB allow applicants who have issues with finding a location due to zoning to move to a different location.

James Van House – Self

City of Seattle should have additional retail locations allowed.

Alejandra DeTilla – Eco Ventures LLC

Sample sizes should be reset. Identification should not include date of birth. Opposes "Mr. Yuk" stickers. Sends a mix message to the youth.

Chris Bell – Ever Green

Here to comment on his dad's behalf. Out of state financing does not seem fair to the small business. Opposed to the destruction of inventory and confiscation and to the "Mr. Yuk" stickers.

Bob Davies – Vashon Farms

Retail location is moving within 1 mile of their location and the cooperative owner who would like to stay in their current location. He would also like for members to be able to sell excess of products.

Amber Lewis

Ms. Lewis opposes "Mr. Yuk" stickers. Supports out of state financing. Allow a URL on the packing rather than the requirements of providing accompanying materials on marijuana products.

Kim Davis – Tropic Grow

Sampling for labs is set at 4 grams per lot and for a smaller grower this is a large amount per lot. For an accurate representation for the plant they do not need 4 grams for the test, you can take a ½ gram per location of the plant and not put an undue burden on the grower.

Karen McCall clarified a two items

The prohibition for cannabinoids and terpenes was not prohibited in the first rule. It was added in the proposal after September. After receiving a lot of comments, LCB found that cannabinoids and terpenes have been used by producers and processors since they received their license.

Karen McCall clarified at the end of public comment that requirement for a cooperative to not be within a mile of a retail location is in the law and could not be changed by rule. Not allowing members to sell their excess products is in the law and cannot be changed by rule.

Chair Rushford closed the public hearing and thanked everyone for their input.


**7. ADDITIONAL BUSINESS**

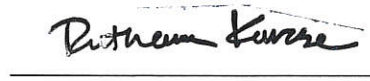
Chair Rushford then invited citizens to address the Board regarding any issue(s) related to LCB business. There were no comments.

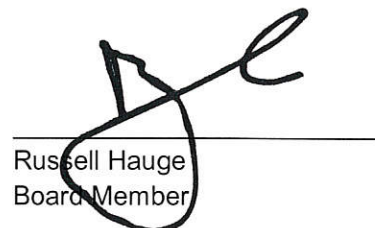
**ADJOURN**

Chair Rushford adjourned the meeting at 12:07.

Minutes approved this 9th day of March, 2016

  
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Jane Rushford  
Board Chair

  
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Ruthann Kurose  
Board Member

  
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Russell Hauge  
Board Member

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

**LCB Mission** - Promote public safety and trust through fair administration and enforcement of liquor, tobacco and marijuana laws.

*Complete meeting packets are available online: [http://lcb.wa.gov/boardmeetings/board\\_meetings](http://lcb.wa.gov/boardmeetings/board_meetings)  
For questions about agendas or meeting materials you may email [lisa.faker@lcb.wa.gov](mailto:lisa.faker@lcb.wa.gov) or call 360.664.1717*