



## Washington State Liquor Cannabis Board Meeting

Wednesday, July 27, 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 and Cannabis Board to order at 10:00 a.m. on Wednesday, July 27, 2016. Member Ruthann Kurose was also present.

#### 2. APPROVAL OF MEETING MINUTES

MOTION: Member Kurose moved to approve the July 13, 2016, meeting minutes.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

#### 3. EMPLOYEE ANNOUNCEMENTS

##### Swearing in of New Officers – Justin Nordhorn, Chief

Law Enforcement Officer 2 Victor Hopkins. Officer Hopkins is originally from Fort Wayne, Indiana. Victor graduated from Northrop High school and attended Ivy Tech State College where he graduated with an AAS degree in Accounting. He recently retired from the Allen County Sheriff's department in Indiana after nearly 21 years. Victor's interests outside of working consist of spending time with family and friends, hiking, camping, fishing and trying new food dishes. Office Hopkins is part of the King County team and started on June 16, 2016.

Law Enforcement Officer 1 Aaron Sanchez. Officer Sanchez attended Snohomish High School and obtained an Associate's Degree at Everett Community College. He is a former Big 5 Sporting Goods store manager, worked for more than seven years for at the Lynnwood Police Department as a custody officer between the Snohomish County and Lynnwood City Jail and was most recently a real estate agent. In his free time Aaron enjoys spending time with his family, taking weekend trips and enjoying anything outdoors. Officer Aaron Sanchez joined the Everett team on June 16, 2016

#### 4. ACTION ITEM 4A - Board Approval to file Supplemental CR 102 on Penalty Guidelines

Karen McCall, Sr. Agency Rules and Policy Coordinator, began the briefing with materials (HANDOUTS) 4A 1-3). She provided a background noting that this rulemaking is the result of on-going rules review process. Rules regarding how to apply for a liquor license are being reviewed for relevance, clarity, and

accuracy. At the public hearing on June 15, 2016, stakeholders provided comments on the proposed rules. Based on those comments revisions have been made to the originally proposed rules.

Proposed Changes

Amended Section. WAC 314-29-010 What options does a licensee or permit holder have once he/she receives a notice of an administrative violation? Explained actions the Board could take if a monetary penalty is not paid by the due date.

Amended Section. WAC 314-29-020 Group 1 violations against public safety. Added language that group 1 violations will be counted sequentially rather than independently by group.

New Section. WAC 314-29-038 Group 5 public safety violations for sports entertainment facility licenses. Created a new section for sports entertainment facility license public safety violations. Since this license type is unique from all other on-premises licenses, the penalties should be different.

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

MOTION: Member Kurose moved to approve the filing of proposed rules (CR 102) on Penalty Guidelines

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

**ACTION ITEM 4B - Board Approval of (CR 101) for Rules Review of WAC Chapters 314-02, 314-07, 314-11 and 314-12.**

Karen McCall, Sr. Agency Rules and Policy Coordinator, began the briefing with materials (HANDOUTS) 4B 1-2). She provided a background noting that this rulemaking is the Board's on-going rules review process, rules in the following WAC Chapters are being reviewed for relevance, clarity, and accuracy:

- Chapter 314-02 Requirements for retail liquor licenses.
- Chapter 314-07 How to apply for a liquor license.
- Chapter 314-11 General requirements for licensees.
- Chapter 314-12 General – Applicable to all licensees.

Timeline

July 27, 2016	Board is asked to approve filing the pre-proposal statement of inquiry (CR 101)
August 17, 2016	Code Reviser publishes notice, LCB sends notice to rules distribution list
September 17, 2016	End of written comment period
September 21, 2016	Board is asked to approve filing the proposed rules (CR 102 filing)
October 5, 2016	Code Reviser publishes notice, LCB sends notice to rules distribution list
November 2, 2016	Public Hearing held

November 2, 2016	End of written comment period
November 16, 2016	Board is asked to adopt rules
November 16, 2016	Agency sends notice to those who commented both at the public hearing and in writing.
November 16, 2016	Agency files adopted rules with the Code Reviser (CR 103)
December 17, 2016	Rules are effective (31 days after filing)

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

**MOTION:** Member Kurose moved to approve the filing of proposed rules (CR 101) for Rules Review of WAC Chapter 314-02, 314-07, 314-11 and 314-12.

**SECOND:** Chair Rushford seconded.

**ACTION:** Motion passed unanimously.

**ACTION ITEM 4C - Board Approval to file (CR 102) to implement 2016 legislation HB 2520 concerning the sale of marijuana to regulated cooperatives, HB**

Joanna Eide, Rules and Policy Coordinator, began the briefing with materials (HANDOUT(S) 4C 1-4). She noted this CR-102 addresses HB 2520 and 2521 passed by the 2016 Legislature

Small business economic impact statement was prepared and is included in the Board materials.

- Rule changes are required by state law changes.
- Only minor costs, many of which depend on whether the licensees choose to engage in the activities that the new requirements apply to.

Marijuana disposal by retailers.

- Minor change to rule. Have to follow the same disposal requirements that already apply to producers and processors under WAC 314-55-097.
- WSLCB will be taking a look at disposal requirements in general in an upcoming rulemaking.
- Retailers can still choose to send products back to processors for disposal, these changes allow the option for retailers to dispose of products if they choose to.
  - Mostly for those who have product on hand that cannot be sent back to a producer.

Cooperatives purchasing from licensed producers.

- Provides guidance and requirements to producers who choose to sell plants to members of a cooperative.
- Technical changes to the producer WAC 314-55-075 to align with state law changes allowing producers to sell plants to members of a cooperative.
- Proof of identification and member of a registered cooperative.
  - Would have to have ID to go onto the premises of the producer anyway due to security requirements in WAC 314-55-083.
- Plants must be physically transferred at the licensed producer's premises. Deliveries are prohibited.

Chair Rushford commented that clearly this is going to take time and there will be opportunities for refinement.

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

**MOTION:** Member Kurose moved to approve the filing of proposed rules (CR 102) to implement 2016 legislation HB 2520 concerning the sale of marijuana to regulated cooperatives, HB 2521 allowing for proper disposal of unsellable marijuana by a licensed marijuana retail outlet, and (potentially) SB 6341 concerning the provision of personal services and promotional items by cannabis producers and processors.

**SECOND:** Chair Rushford seconded.

**ACTION:** Motion passed unanimously.

**ACTION ITEM 4D - Board Adoption of (CR 103) on Marijuana Recall Rules.**

Joanna Eide, Rules and Policy Coordinator, began the briefing with materials (HANDOUT(S) 4D 1-3). She provided background noting that CR-101 was filed March 23, 2016. The emergency rule was filed at the same time. The emergency rule was refiled on July 13, 2016. Concise Explanatory Statement was prepared as required by the Administrative Procedure Act (RCW 34.05.325). Summarizes all comments and the LCB's responses and whether the rules accommodate the comment. No public comment was offered at the public hearing, eight written comments were received. No changes to the proposed rules occurred after the CR-102 was filed. The request for adoption is for the rules as originally proposed as part of the permanent rulemaking.

Ms. Eide then requested the Board Adoption of the marijuana recall rules (CR 103).

**MOTION:** Member Kurose moved to adopt the Marijuana Recall Rules (CR 103).

**SECOND:** Chair Rushford seconded.

**ACTION:** Motion passed unanimously.

**ACTION ITEM 4E - Board Approval of an Interim Policy regarding the implementation of vapor products licenses.**

Joanna Eide, Rules and Policy Coordinator, began the briefing with materials (HANDOUT(S) 4E 1-2). She provided background noting ESSB 6328 passed by the 2016 Legislature to establish a comprehensive regulatory scheme for vapor products. Many provisions went into effect on June 28, 2016, but some provisions of the bill, including a licensure requirement, would not go into effect until 30 days after the LCB made the application available. The Board issued a letter at the end of June giving notice that the license application would be available July 1, 2016, making the remaining portions of the bill effective on August 1, 2016. This interim policy will ensure we have the policies and procedures in place to implement this bill while permanent rulemaking is underway the CR-101 was filed in April. Expect the CR-102 at the end of August, which will include the requirements in this interim policy.

Currently, Enforcement is working to ensure people that the new requirements will apply to be educated on the new requirements. Outreach is occurring and we have an upcoming meeting with a stakeholder group. Mailing was prepared in partnership between the WSLCB and DOH. Information on the new requirements went out to stakeholders at the end of June and beginning of July.

Interim Policy includes:

- Licensing clarifications, how information obtained from background checks will apply to a license application, and records-keeping requirements.

- There are also provisions that detail requirements for age-verification for mail and internet delivery sales, and for labeling requirements on product cases or outside shipping packages to indicate that the package cannot be delivered to a person under 18 years old. A carrier delivering these items must obtain the signature of the person who receives the products and verify the age of the recipient.

Chair Rushford said we received some feedback and in collaboration with DOH made a correction to the education flyer that was issued. Joanna confirmed that we did receive some comments and are making sure that the information provided is clear.

Ms. Eide then requested the Board Adoption of the marijuana recall rules (CR 103).

MOTION: Member Kurose moved to adopt the Marijuana Recall Rules (CR 103).

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.


## 5. ADDITIONAL BUSINESS


Chair Rushford then invited citizens to address the Board regarding any issues related to LCB business. There were no comments.

## ADJOURN

Chair Rushford adjourned the meeting at 10:22.

Minutes approved this 10<sup>th</sup> day of August, 2016

  
Jane Rushford  
Board Chair

  
Ruthann Kurose  
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.

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