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## Washington State Liquor Cannabis Board Meeting

Wednesday, August 24, 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, August 24, 2016. Member Ruthann Kurose and Member Ollie Garrett were also present.

#### 2. BOARD ANNOUNCEMENTS

Chair Rushford on behalf of the Board said it was her great pleasure to introduce our newest Board Member. Joining the Board today is Ollie Garrett, who comes with impressive business experience and affiliations. She is a small business owner and serves as Chair of Tabor 100 which supports business and economic vitality in the African American community. She served on the board of the Office of Minority & Women's Business Enterprises (OMWBE), Community Revitalization Board and many other community. She brings a wealth of knowledge and perspective to the Board. This is her second week and first Board meeting. Congratulations and welcome, Ollie.

Member Garrett said she is excited to be here and looks forward to meeting everyone and learning a lot.

#### 3. APPROVAL OF MEETING MINUTES

MOTION: Member Kurose moved to approve the August 10, 2016 meeting minutes.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

#### 4. AGENDA ITEMS CONTINUED TO SEPTEMBER 7, 2016, BOARD MEETING DUE TO JURY DUTY FOR SR. AGENCY RULES AND POLICY COORDINATOR

- A. Public Hearing on Outside Service Rules
- B. Public Hearing on rules to Implement 2016 Liquor Legislation
- C. Public Hearing on WAC 314-23-085 What type of discounts are not allowed?
- D. Public Hearing on AIA rules
- E. Board Adoption of Everett Core Commercial Areas AIA

Chair Rushford effectively opened the public hearings and continued them to the next Board Meeting on September 7, 2016, according to RCW 34.05.325 subsection (5). The written comment deadline will be extended until the continued public hearings are held on September 7, 2016. We will also delay the decision on the Everett Core Commercial Areas AIA until the September 7, 2016, Board meeting.

## 5. PUBLIC HEARING

### A. Public Hearing for rules to implement 2016 budget proviso relating to electronic payment of the marijuana excise tax

Joanna Eide, Rules and Policy Coordinator, began the briefing with materials (HANDOUTS 5A 1-3). She provided background noting rule changes to establish these requirements are needed as a result of the Legislature passing the 2016 Supplemental Budget with an included proviso related to electronic payment of the marijuana excise tax. The Board adopted an emergency rule to establish the electronic payment requirement effective July 1, 2016, and approved the filing of a CR 101 to initiate permanent rulemaking on the same subject on April 20, 2016. The emergency rule and proposed permanent rules were developed based on similar requirements in the Washington State Dept. of Revenue's laws and rules.

WSLCB has been communicating with retailers since before the emergency rule was adopted. Cash payment is discouraged due to public safety concern. There has been a reduction in cash payments. There are three banks and three credit unions working with licensees and we hope for more. Retailers would have to pay a penalty for cash payments without a waiver. Some retailers have already received the waivers.

#### What it does:

- Requires electronic payment of the excise tax or payment by check, cashier's check, or money order.
- One can only continue to pay cash with a waiver with the LCB. Waivers will only be granted for good cause shown. Definition of "good cause" in subsection (7).
- Also changes to WAC 314-42-110.
- Small Business Economic Impact Study (SBEIS) was completed and is included in the materials.

Chair Rushford opened the public hearing and invited the first citizen to the podium to provide testimony. No one came forward for comment.

## 6. ACTION ITEMS (A-D)

### A. ACTION ITEM 6A - Board Approval to file CR 101 for the marijuana research license implementation.

Joanna Eide, Rules and Policy Coordinator, began the briefing with materials (HANDOUTS 6A 1-3). She provided background noting that rule changes are needed to implement the marijuana research license established by RCW 69.50.372. Changes to RCW 69.50.372 were passed during the 2016 legislative session making it possible for the WSLCB to implement the new license. RCW 69.50.372 gives the WSLCB authority to adopt rules related to the implementation of the marijuana research license in RCW 69.50.372(5), including application requirement and administrative provisions relating to the license. These rules are needed to be able to fully implement and issue the license.

Scientific reviewers are being selected, one each from WSU and UW faculty. Meeting in September for confirmation of the two members. Need scientific reviewer prior to drafting rules to ensure we include what is needed for them to assess proposals in the application requirements. Timeline supports receiving applications in January.

Ms. Eide then requested approval from the Board to file CR 101 for the marijuana research license implementation.

MOTION: Member Kurose moved to approve the filing of CR 101 for the marijuana research license implementation.

SECOND: Member Garrett seconded.

ACTION: Motion passed unanimously.

**A. ACTION ITEM 6B - Board Approval for an Interim Policy regarding transfers of wet flower from producers to processors**

Joanna Eide, Rules and Policy Coordinator, began the briefing with materials (HANDOUT 6B 1). She provided background noting that this Interim Policy is to address an issue in rule that will be addressed in current open rulemaking for technical and housekeeping changes. "Producers-only" locations want to harvest marijuana plants and transfer the wet material to licensed processors without packaging the marijuana into lots. A technicality in current rule prohibits licensees with only a producer privilege (meaning that they do not also hold a processor license) from harvesting marijuana plants and transferring the wet material to licensed processors without packaging the marijuana into lots.

Policy Statement

In addition to the provisions of WAC 314-55-075(1) allowing a marijuana producer licensee to produce, harvest, trim, dry, cure, and package marijuana into lots for sale at wholesale to marijuana processor licensees and to other marijuana producer licensees, marijuana producers may wholesale and transfer wet flower to licensed processor locations without packaging into lots.

Ms. Eide then requested approval for an Interim Policy regarding transfers of wet flower from producers to processors

MOTION: Member Kurose moved to approve the Interim Policy regarding transfers of wet flower from producers to processors

SECOND: Member Garrett seconded.

ACTION: Motion passed unanimously.


**7. 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 10:15.

Minutes approved this 9<sup>th</sup> day of September 2016

  
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Jane Rushford  
Board Chair

  
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Ruthann Kurose  
Board Member

  
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Ollie Garrett  
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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