



Cannabis Advisory Council

Wednesday, August 2, 2017, 1:30 pm
LCB Headquarters - Boardroom
3000 Pacific Avenue SE, Olympia WA 98501

Meeting Minutes

CAC MEMBERS

Jane Rushford, WSLCB Board Chair
Ollie Garrett, WSLCB Board Member
Russ Hauge, WSLCB Board Member
Rick Garza, WSLCB Director
Lara Kaminsky, Cannabis Alliance
Crystal Oliver, Cannabis Farmers Council
Eric Gaston, Cannabis Organization of Retail Establishments (C.O.R.E.)
Angel Swanson, The Marijuana Business Association (MJBA)
Anthony Ives, Sound Artisan Growing Ethics (S.A.G.E.)
Bill Sterud, Puyallup Tribe Chairman (*absent*)
Robin Sigo, Suquamish Tribe
Susan Gress, WA Cannabusiness Association (WACA)
Bailey Hirschburg, WA NORML
Jeremy Moberg, WA Sungrower's Industry Association (WSIA)

GUESTS

Sarah Rasor, cannamedic.com
Don Skakie, Real Legalization
Rion Ramirez, Suquamish Tribe
Joanna Eide, WSLCB Rules and Policy Coordinator
Becky Smith, WSLCB Licensing & Regulation Director
Justin Nordhorn, WSLCB Chief of Enforcement
Peter Antolin, WSLCB Deputy Director
Peter Corier, WSLCB Marijuana Examiner Administrator
Dustin Dickson, WSLCB Board Executive Assistant
Amy Sharar, WSLCB Communications Consultant

WELCOME AND INTRODUCTIONS – OLLIE GARRETT

Ollie brought meeting to order at 1:30 and thanked everyone for attending. She noted that the Board received comments about the point system and fencing and is reconsidering the rulemaking. She clarified that the agenda items were topic points with associated subject matter experts and that the flow of the meeting was meant to be a conversation, not the LCB making a presentation. Ollie added that Becky Smith was working with the tribes on fee land license questions.

LEGISLATION AND RULES UPDATE AND DISCUSSION – JOANNA EIDE

Joanna distributed two handouts: 2017 marijuana legislation summary and marijuana advertising.

She explained that there were four pieces of marijuana legislation that impacted WSLCB and the industry:

- SB 5130 – License Fee Increase
 - \$480 one-time fee to fund traceability replacement project
 - Expires end of June 2018
 - July 1, 2018 fees increase by \$300 for a total of \$1,300
- ESSB 5131 – Marijuana Omnibus
 - Started as an agency request bill, but was amended to change:
 - Advertising
 - Research licenses
 - Local authority
 - Tribal notification
 - Port districts
 - Removal of prioritization as a result of consolidated markets
 - Jurisdictional requirements for legal actions
 - Definition of immature plant or clone
 - Sale of plants and seeds
 - Retail license forfeiture process
 - Licensing agreements for consulting
 - Change requests
 - Exchange of product between individuals
 - Certification of organic-like products
- HB 1250 – Lockable Drug Boxes
 - Allows boxes to be donated or sold by retailers
- HB 1462 – Allowing Department of Agriculture to Regulate Sanitary Processing of Edibles
 - Allows Department to handle marijuana edibles in a way similar to other foods
 - Requires endorsement to be purchased by producer

Joanna added that an additional part of ESSB 5131 was the request by legislature for the WSLCB to conduct a study on regulatory options for potential recreational home grows that is due December 1st, 2017. There will be an open written comment period as well as a public forum for input at an upcoming Board meeting.

Joanna shared that updates for rulemaking activities is available on the WSLCB website and encouraged signing up for the list-serves. She reminded that the timeline for the CR-102 for producers, licenses, and tiers was continued through another hearing on August 9, 2017. This extension also includes the open written comment period.

Lab quality assurance rules will take effect August 31, 2017, and are available online.

The packaging and labeling project is underway and developments will be distributed as they occur. The rulemaking draft process has not begun.

2017 legislation rulemaking will be a large project and changes will be made via rules for clarification.

Marijuana advertising rules are also being clarified in conjunction with the passing of ESSB 5131.

There is not a public forum event planned on the East side of the state to discuss the home grow study, but the Board is starting to stream the meetings via WebEx and there will be an open written comment

period for input. The stakeholder list for this project is not exclusive, it is being used to delegate workload. Joanna clarified that there will not be a workgroup for this project.

ESSB 5131 Section 25 states that the bill will be implemented prospectively and not retroactively in regards to prioritization. This does not apply to advertising, meaning advertising provisions will not be grandfathered in.

The WSLCB has adapted the traceability system to account for sales of seeds and clones. Information can be found on the interim policy web page.

Becky Smith clarified that all consulting agreements and contracts need to be disclosed to the WSLCB.

LICENSING UPDATE AND DISCUSSION – BECKY SMITH

Becky provided a handout referencing licensing updates.

1,800 licenses have been issued in the state of Washington. Pending applications include 218 producer/processor and 45 retail. She noted that not all licensees are open and operating.

451 change requests last quarter, up 20% from the previous quarter. The majority of the requests are for location change. Although short staffed, over 50% are completed within 90 days.

11 cooperatives have been licensed.

9 licenses are located on fee land, WSLCB is reaching out to the tribes and notifying them about changes in legislature.

Notices are going out (60-day and 90-day) for applicants to find a location or their application will be withdrawn. These applicants are not allowed to alter their application during this time.

Stores unable to open because of moratorium will not be allowed to move until all licenses have been issued. This will ensure the WSLCB knows where the gaps are so no area or region is over filled.

ENFORCEMENT STANDARDIZATION UPDATE AND DISCUSSION – JUSTIN NORDHORN

The secret shopper program was initiated just over a year ago and 220 tests have been conducted. It is still a work in progress as we are learning better methods for testing potency. RJ Lee is helping adjust protocols and ensuring compliance.

Department of Agriculture is assisting with pesticides by conducting random testing. New tests at non-complaint locations are coming back clean, dissolving the concern that all tests would return positive. One lab has now been suspended.

Justin reminded that there is rulemaking in place for packaging and labeling as well as advertising provisions. New provisions became effective July 23, 2017. WSLCB would like feedback on the advertising rulemaking, and will work with licensees in adapting to the changes including allowing extended time to make signage changes.

Justin reiterated that the goal of WSLCB enforcement is to get licensees into compliance. We would rather have licensees be proactive and bring us questions about their compliance than find errors and hidden contracts during an investigation.

Justin explained that the sign changes regarding spinners and inflatables were a result of legislation changes and not LCB decision.

The discussion moved on to canopy, canopy measurement, and sales reporting. Justin shared that the LCB is making efforts to measure canopy and comparing that data to sales reports to determine tier compliance. There has been no enforcement action yet to reduce someone's tier.

Ollie asked Peter Antolin to discuss the WSLCB relationship with the Department of Agriculture (WSDA). He explained that they had been waiting for the budget to be signed before moving forward. They plan to take over some of the testing responsibilities. This will not immediately affect our working relationship with RJ Lee. It was clarified that there would have to be a legislative change in order for the WSDA to completely take over the testing responsibilities.

Peter Corier shared that our agreement with the secret shopper program is to conduct an average of 75 tests per month. They test for both potency of product and residual pesticide levels. He noted that there are specific checklists in the WAC that labs must comply with. Joanna concurred, adding that most labs use the same checklist to monitor their own activities.

CANOPY CONCERNS AND DISCUSSION - RUSS

Russ expressed that the fundamental obligation of the Board is compliance with state and federal law, specifically the Cole Memorandum. One of the primary concerns of the memo is product diversion and making sure that the industry stays within the boundaries of our state. Washington uses canopy to determine market as opposed to counting individual plants. The LCB is committed to determine not only what has been licensed and permitted but what is actually growing, and setting appropriate limits on the market based on this information.

There was discussion about focusing funds and manpower on preventing illegal grow operations from taking up market space. Increasing demand through market expansion was also discussed.

Justin explained that we can assess what the maximum canopy is by evaluating our records and operating plans, but there is variance in operating canopy when it comes to what is actually being produced. Peter C. added that his team is assessing plant size as it relates to production as well as the variances between indoor and outdoor grow operations.

It was suggested that a census be conducted, requiring all producers to disclose what their production levels are. Evaluating production by weight was suggested as a method.

The Board was asked to make considerations for the differences between indoor and outdoor production. It was suggested that since indoor operations can produce year round they produce approximately four times that of an outdoor operation over the course of a year.

The pros and cons of including harvest date on labels were debated.

AROUND THE TABLE

Susan Gress – WACA

- Product quarantine
 - Rules are confusing
 - Product decomposes when bagged for 72 hours, unable to put through chipper
 - Joanna shared that the rules are being evaluated
 - It does not technically have to be bagged
 - Cannabis Farmers Council provided suggestions to the Board for regulatory changes

Anthony Ives – SAGE

- Tier increases
 - Original law stated that multiple licenses were allowed, that was taken away
 - Concern conveyed for increasing Tier 1 canopy when overall canopy is unknown

Lara Kaminsky – Cannabis Alliance

- Lab Standardization
 - Cannabis Alliance held their own roundtable discussion
 - Promotes self-regulation, eight labs are participating in round robin efficiency testing
 - Seeking WSLCB and WSDA encouragement of other labs to follow suit
 - Suggested adding additional cannabinoids to the list of requirements
 - Develop a more robust sampling protocol to avoid cherry-picking
- Enforcement Standardization
 - Cannabis Alliance would like to partner better with WSLCB enforcement
 - Open up two-way communication
 - Regional meetings between officers and licensees
 - Creation of email program, similar to faq
 - Consistency in levels of importance
 - Individual jurisdictions appear to have different priorities

Justin Nordhorn – WSLCB Chief of Enforcement and Education

- The Sergeant in each region is the training officer
- Weekly discussions with Captains
- Yearly in-service training to cover legislation changes
- Planning to make better use of the WSLCB intranet
- Video series would create consistency in message delivery
- Jurisdiction variance
 - May stem from specific complaints
 - Complaints heighten awareness for specific topics and vary region to region

Joanna Eide – WSLCB Rules and Policy Coordinator

- RCW is law created by legislature
 - Board cannot change RCW, only legislature can
- Rulemaking is created by agency
- Rulemaking is defined by law
 - Purpose is to clarify law

Jeremy Moberg – WSIA

- Barriers to Market
 - Geographical burden on Eastside producers
 - Timeline for samples getting to Western Washington
 - Harvest date
 - Perception is that older product is lower quality
 - Negative impact on Sun Growers
 - Not a public safety issue
 - Samples
 - 48 hour waiting period, same as product
 - Samples should be viewed differently than product orders

Several council members continued the debate over harvest date

- Impact on outdoor versus indoor
- Customer choice/influence
- Degradation of potency
- Effect on retail

Crystal Oliver – Cannabis Farmers Council

- Cannabis Farmers Council Survey
 - Rules changes
 - Plant labeling
 - Waste management – product shredder
 - Sample allowances unbalanced between retail and producer
 - Harvest date
 - Remove or make optional
 - Bailey Hirschberg added that he would like to see medical sampling

Eric Gaston – CORE

- Expressed concerns regarding increasing licensing
 - Potential for monopoly and criminal elements
 - Crystal Oliver offered manpower to WSLCB to aid in application and license review
- Requested steeper penalties for criminal activity against I-502 stores

Angel Swanson – Marijuana Business Association

- Expressed concern about secret purchasing partnerships
- Members frustrated with moratorium
 - Becky clarified that licensees could move locations within the county they are licensed in, they cannot move outside

Tony Ives – SAGE

- Constituents concerned with new traceability system, specifically the passed-down cost

Robin Sigo – Suquamish Tribe

- Met with delegates in D.C. about marijuana banking

Jeremy Moberg – WSIA

- CBD
 - Importation issues
 - Federal regulations state they are Schedule I
 - State should not allow
 - Prohibition of import would stimulate internal market
 - Cannabis Farmers Council agreed
- Flavonoids
 - Flip-flop on allowance as food grade
 - Inhaled, not ingested
 - Liability for the State
 - Cannabis Farmers Council suggested warning labels if no ban is imposed.

CLOSING AND NEXT MEETING - OLLIE

Ollie thanked everyone for a good conversation, and suggested November or December for the next meeting.


Rick shared his appreciation to Laura for going out and talking to officers about enforcement issues. He offered to help increase communication through technology. He reminded that suggestions to the Board through the rules team and their processes, and concurred that a December meeting would be valuable so everyone could discuss the upcoming legislation session.

Jane thanked the council members and staff for their efforts.

Meeting adjourned at 3:35 p.m.

Minutes approved this 19 day of SEPTEMBER, 2017


Jane Rushford
Board Chair


Ollie Garrett
Board Member

NOT PRESENT
Russ Hauge
Board Member

Minutes Prepared by: Dustin Dickson, Executive Assistant