



## Washington State Liquor Cannabis Board Meeting

Wednesday, September 6, 2017, 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 regular meeting of the Washington State Liquor and Cannabis Board to order at 10:00 a.m. on Wednesday, September 6, 2017. Member Ollie Garrett and Member Russ Hauge were also present. Chair Rushford first acknowledged her fellow Board members and thanked the staff for their efforts in preparing for the Board meeting.

#### 2. APPROVAL OF MEETING MINUTES

MOTION: Member Hauge moved to approve the August 23, 2017, meeting minutes.

SECOND: Member Garrett seconded.

ACTION: Motion passed unanimously.

#### 3. ACTION ITEMS (A-B)

##### ACTION ITEM 3A - Board Adoption of CR-101 for Rules on Private Label Spirits

Karen McCall, Sr. Agency Rules Coordinator, began the briefing with materials (HANDOUTS 3A 1-2). She provided background noting that this rulemaking is needed to clarify the requirements for private label spirits between a distiller, craft distiller, or spirits certificate of approval holder and a spirits retailer. The LCB currently has rules in place for wine and beer but not spirits.

##### Timeline

September 6, 2017	Board is asked to approve filing the pre-proposal statement of inquiry (CR 101)
September 20, 2017	Code Reviser publishes notice, LCB sends notice to rules distribution list
October 10, 2017	End of written comment period

October 18, 2017	Board is asked to approve filing the proposed rules (CR 102 filing)
November 1, 2017, 2017	Code Reviser publishes notice, LCB sends notice to rules distribution list
December 6, 2017	Public Hearing held
December 6, 2017	End of written comment period
December 20, 2017	Board is asked to adopt rules
December 20, 2017	Agency sends notice to those who commented both at the public hearing and in writing.
December 20, 2017	Agency files adopted rules with the Code Reviser (CR 103)
January 20, 2018	Rules are effective (31 days after filing)

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

MOTION: Member Garrett moved to approve the filing of proposed rules CR-101 for Rules on Private Label Spirits

SECOND: Member Hauge seconded.

ACTION: Motion passed unanimously.

**ACTION ITEM 3B - Board Approval for Interim Policy 02-2017 on Private Label Spirits**

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUT 3B 1). She provided a brief background noting that this interim policy is to clarify requirements for private label production while the rules are being written.

(1) Distilleries, craft distilleries, or spirit certificate of approval holders may produce private label spirits for spirits retailers under the following conditions:

- There may be no exclusivity between the producer and the retailer for the private label spirits product. The product must be reasonably available to all retailers licensed to sell the spirits product;
- A copy of the contract between the producer and the spirits retailer for all private label spirits products must be submitted to the board; and
- The distiller, craft distiller, or spirits certificate of approval holder must submit a TTB certificate of label approval for each private label produced, to the board for review.

Ms. McCall then requested approval from the Board to file proposed rules. Member Hauge asked for clarification that the policy was intended to memorialize what the status would be after the rules have been adopted. Ms. McCall confirmed.

MOTION: Member Hauge moved to approve the filing of Interim Policy 02-2017 on Private Label Spirits

SECOND: Member Garrett seconded.

ACTION: Motion passed unanimously.

#### 4. GENERAL PUBLIC COMMENT

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

##### Chris Marr - Consultant

Mr. Marr asked for clarification that the definition of "spirits product" in the interim policy includes how it is labeled. Ms. McCall confirmed.

Private labeling is also a common practice in the cannabis industry. My clients were reminded several months ago that private labeling was disallowed in the industry. It is a relatively common practice for retail stores to sell product with their own names. Our understanding was that the rationale is consistency with the tied-house liquor regulations which prohibit undue influence. I want to clarify that this is not a retailer issue, this is actually an issue that affects producers who are under price pressure. They see opportunity to make private label products so they don't have to spend funds on marketing. That being the case, I would suggest the Board adopt a similar private label interim policy for cannabis. I think it is important to do this because there is alignment in terms of interpretation to the three-tier system. Either way, the Board should clarify their intentions on their approach to private label cannabis so the industry can decide whether or not to pursue legislation.

##### Holli Johnson – Washington State Food Industry

Ms. Johnson thanked the Board and said she wanted to speak about the private label interim policy.



We would like information and guidance on the term "exclusivity" and "reasonably available". As far as contracts go, a lot of that information is proprietary. Would that information be available in public records requests?

We would like to thank the Board and the staff for doing this today. We appreciate moving forward on this issue.

**ADJOURN**

Chair Rushford adjourned the meeting at 10:08 a.m.

Minutes approved this 20 day of SEPTEMBER, 2017

		<u>NOT PRESENT</u>
Jane Rushford Board Chair	Ollie Garrett Board Member	Board Member Russ Hauge

Minutes prepared by: Dustin Dickson, 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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