



Washington State Liquor Cannabis Board Meeting

Wednesday, April 4, 2018, 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, April 4, 2018. Member Ollie Garrett and Member Russ Hauge were also present. Chair Rushford thanked the attendees that returned to observe the action items that had been postponed at the last Board meeting.

2. APPROVAL OF MEETING MINUTES

MOTION: Member Garrett moved to approve the February 7, 2018, meeting minutes.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

MOTION: Member Hauge moved to approve the March 7, 2018, meeting minutes.

SECOND: Member Garrett seconded.

ACTION: Motion Passed unanimously.

Chair Rushford: I want to commend the staff for all the hard work they've been doing. It's been an immense effort to keep everything moving along. Thank you again.

3. ACTION ITEMS (A-H)

ACTION ITEM 3A – Clarifying Adjustment to Board Interim Policy on 24-Hour Quarantine (BIP-03-2018)

Joanna Eide, Policy and Rules Coordinator, began the briefing with materials (HANDOUT 3A 1).

Ms. Eide: This was previously adopted by the Board; this is a technical change. We realized there was an omission of a subsection that was intended to be included from the outset. The requirement lifting was meant to apply to all transfers between licensees, that's what this adjustment does.

Ms. Eide then requested approval from the Board to file the interim policy.

MOTION: Member Hauge moved to approve the Clarifying Adjustment to Board Interim Policy on 24-Hour Quarantine (BIP-03-2018)

SECOND: Member Garrett seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3B - Board Approval of Supplemental CR 102 for Marijuana Retail License Forfeiture

Joanna Eide, Policy and Rules Coordinator, began the briefing with materials (HANDOUTS 3B 1-3).

Ms. Eide: This item carried over from the last meeting. We have communicated with those who have commented on this proposal previously, as well as other identified parties of interest including members of the industry and industry organizations. This is to request Board approval of a supplemental CR 102 for the marijuana retail license forfeiture rules. The Legislature passed ESSB 5131 during the 2017 Legislative Session that directed the WSLCB to create a process for the forfeiture of marijuana retail licenses that are not fully operational and open to the public. There were a few minor adjustments that we wanted to make to this rule proposal which is why we are bringing the supplemental CR 102. Previously it had other deadlines that were included and an extended an amount of time that is considered to be fully open and operational.

How this has changed from the original CR 102 as filed, is that it extends the deadline for having a retail license being fully open and operational to November 1, 2018, or 12 months after the license issuance, whichever is longer. This will capture licenses that were issued much in advance, and also those that area pending to be issued currently. No marijuana retailer's license is subject to forfeiture within the first nine months of issuance. This is consistent with what was stated in statute by the legislature.

We adjusted some of the definitions for what is considered fully operational. That means that the business meets the following criteria for at least 12 consecutive weeks within a 12 month period after issuance of a license, before or after the effective date of the section.

- The business must be open to the public for a minimum of five hours a day between the hours of 8:00 am and 12:00 midnight, three days a week;
- Posts business hours outside of the premise in the public view; and
- Reports monthly sales from the sale of marijuana products and pays applicable taxes.

A marijuana retailer's license will not be subject to forfeiture if the licensee has been incapable of opening a fully operational retail marijuana business due to actions by the city, town, or county with jurisdiction over the licensed business to include:

- The adoption of a ban or moratorium that prohibits the opening of a retail marijuana business; or
- The adoption of an ordinance or regulation related to zoning, business licensing, land use, or other regulatory measure that has the effect of preventing a licensee from receiving an occupancy permit from the jurisdiction or which otherwise prevents a licensed marijuana retailer from becoming operational.

The Board has the sole discretion to grant exceptions to the license forfeiture process if a marijuana retailer licensee has had circumstances occur that are out of their control such as a natural disaster. This will be determined on a case by case basis by the Board.

There is a requirement for adequate documentation to verify any of the exceptions to the license forfeiture in this section. There is the ability for the licensee that is subject to forfeiture action to request an administrative hearing

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

MOTION: Member Garrett moved to approve the filing of Supplemental CR 102 for Marijuana Retail License Forfeiture

SECOND: Member Hauge seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3C - Board Approval of CR 102 for 2017 Cannabis Legislation Implementation

Joanna Eide, Policy and Rules Coordinator, began the briefing with materials (HANDOUTS 3C 1-4).

Ms. Eide: Part of the reason why this rulemaking took a little longer is that we wrapped in a previous filing of a CR 101 that stated that the LCB was looking into making other identified necessary changes, and technical changes, that had been identified by stakeholders, internal staff, industry, public, etc. This is a large rulemaking, I will get through this as briefly as I can, but I want to make sure a few key points make it onto the record. I highly encourage those that are interested to look at the issue paper provided with the Board materials.

Proposed Changes

Amendatory section. WAC 314-55-010 Definitions.

- Technical changes to definitions of "elementary school" and "secondary school"
- Clarifying changes to definition of "financier" to make clearer and consistent with clarifying edits to the term in WAC 314-55-035
- Definitions added for the following terms:
 - o End product
 - o Harvest – new definition consistent with DOH rules for compliant products in chapter 246-70 WAC
 - o Immature plant or clone
 - o Intermediate product
 - o Marijuana mix
 - o Marijuana mix packaged / mix packaged
 - o Marijuana mix infused / mix infused
 - o Product(s) otherwise taken into the body – clarify other products not ingested orally but taken into the body through absorption, etc., fall within the definition of marijuana-infused products

- Various other technical changes throughout to ensure consistency and clarity in use of terms, including adding metropolitan park districts as “owners” of playgrounds and recreation centers/facilities, correcting “usable marijuana” to “useable marijuana” to make consistent with statutory definitions in chapter 69.50 RCW, etc.

Amendatory section. WAC 314-55-015 General information about marijuana licenses.

- Added language stating that the WSLCB will not issue a marijuana license within the exterior boundaries of a reservation of a federally recognized Indian tribe without express consent of the tribe, as required by changes to RCW 69.50.331.
- Technical changes regarding the co-location of licenses to reflect actual practices and allowances in co-location of licenses for research licenses and producers who also hold a processor license.
- Removed language regarding requirements that processors must construct and keep facilities for marijuana-infused edibles in a clean and sanitary condition as those requirements are being covered in WAC 314-55-077.

Amendatory section. WAC 314-55-018 Prohibited practices—Money advances—Contracts—Gifts—Rebates, discounts, and exceptions, etc.

- Technical changes to add exceptions for “free products” or “treats or services” as allowed under WAC 314-55-096 (samples) and RCW 69.50.585 (Branded promotional items—Nominal value—Personal services).
- Added marijuana transportation licenses and marijuana research licenses to the definition of “industry member” to ensure all license types are captured.
- Added language reiterating prohibition of contingency sales consistent with WAC 314-55-017.
- Added language to allow for volume discounts – exception to prohibition on use of discounts. Volume discounts must be solely based on the volume of the product purchased, must be made on a single purchase, and must be made available to all licensees. Purchases made by multiple licensees or “co-op” purchases are not eligible for a volume discount, except where the purchase is being made by a business that holds multiple licenses so long as the UBI is the same for each licensed business involved in the purchase for a volume discount.

Amendatory section. WAC 314-55-020 Marijuana license qualifications and application process.

- Technical changes to rule language relating to notices of local jurisdictions, port authorities, and tribal governments consistent with changes made by the Legislature in RCW 69.50.331.
- Addition of language relating to the statutory change to prohibit the WSLCB from issuing a marijuana license within the exterior boundaries of a reservation of a federally recognized Indian tribe without express consent of the tribe, as required by changes to RCW 69.50.331. Additional language included outlining the process for an applicant to find another location if the tribe does not consent to the licensee being located within the boundaries of the reservation.
- Technical changes to add all existing marijuana license types.
- Removal of language relating to prioritization of marijuana retail licenses due to the removal of prioritization requirements in statute by the 2017 Legislature.
- Clarifying and technical adjustments to language for inspections of locations and ensuring rule language more clearly reflects WSLCB practice for residency requirements for individuals and entities that must be qualified/listed on a marijuana license.
- Changes to operating plan requirements to move the requirements to a more flexible operating plan form that can be tailored to the needs for each unique license type. This is partially necessary due to the addition of transportation and research licenses.

Amendatory section. WAC 314-55-035 Persons or entities that must qualify for a marijuana license.

- Clarifying changes to the definitions for “true party(ies) of interest” and “financiers” to clearly differentiate the two.
- New language detailing that employees of producers or processors that receive commission-based compensation are not considered true parties of interest so long as the following conditions are met:
 - o The commission-based compensation arrangement does not create a default true party of interest relationship.
 - o The commission-based compensation arrangement between a licensee and employee is in writing, no more than 5% of the gross profits may be given to any one employee under such an arrangement, and an employee receiving commission-based compensation is listed as an employee of the licensee with the Washington State Employment Security Department.
 - o Commission-based compensation arrangements are not permissible for employees of retailers due to concerns about sales-incentive based compensation and promoting over consumption, etc.
- New language clarifying that a consultant that receives a flat or hourly rate compensation under a written contractual agreement is not a true party of interest so long as the consultant does not receive any percentage of profits or interest in the licensed business or management or control of the licensed business such that would indicate or create a true party of interest relationship.
- Clarification that all funds must be approved by the WSLCB prior to their transfer, consistent with WSLCB rules and current practice. This addition is to reinforce this requirement since some licensees have not done so and have run into issues.
- Added references to changes in ownership requirements in WAC 314-55-120 to ensure clarity of requirements and avoid confusion.

Amendatory section. WAC 314-55-050 Reasons the WSLCB may seek denial, suspension, or cancellation of a marijuana license application or license.

- Technical changes to ensure all marijuana license types correctly fall under rule requirements.
- Technical changes to ensure exceptions to buffer zone requirements function correctly if a local jurisdiction reduces the 1,000 foot distance requirement for restricted entities by local ordinance.

Amendatory section. WAC 314-55-073 Marijuana research license.

- Increases to project plan page length from 4 to 8 pages, not including references or citations, to allow for greater explanation of project plans and supportive documentation of evidence and data.
- Additional provisions allowing the scientific reviewer to inquire into the cost of the proposed project as well as financial support and viability of an applicant for a research license.
- New language allowing for the scientific reviewer to request additional information if necessary to complete the review of the research license application.
- New language allowing the scientific reviewer to conduct a site visit if needed to assess location, facilities, or equipment for the proposed project.

Amendatory section. WAC 314-55-075 Marijuana producer license — Privileges, requirements, and fees.

- Adjustments to reflect statutory changes allowing licensed producers to sell immature plants or clones and seeds members of a registered cooperative, qualifying patients, or designated

providers. Detailed requirements for these sales appear in a new section later in chapter 314-55 WAC, also part of this rulemaking.

- Adjustments to reflect statutory changes to allow licensed producers to sell immature plants or clones and seeds to licensed marijuana researchers.
- Changes to the fees for a producer license to reflect changes to state law increasing license fees to \$1300 effective July 1, 2018.
- Technical changes detailing that the window to apply for a producer license is closed. The WSLCB may reopen the producer license application window at subsequent times when deemed necessary.
- Technical changes to language to reflect that overall canopy cannot exceed the amount licensed by the WSLCB.
- Addition of language being moved from other sections regarding treating or adulterating useable marijuana and the requirement that QA test results must be made available to any processor purchasing product, as well as lot labeling requirements. These provisions appeared elsewhere in the chapter but made more sense to be included in this rule.

Amendatory section. WAC 314-55-077 Marijuana processor license – Privileges, requirements, and fees.

- Technical changes to rework the organization of the overall rule.
- Changes to the fees for a processor license to reflect changes to state law increasing license fees to \$1300 effective July 1, 2018.
- Technical changes detailing that the window to apply for a processor license is closed. The WSLCB may reopen the producer license application window at subsequent times when deemed necessary.
- Adjustments to phase out the addition of a processor license for an existing producer license that has not also been issued a processor license. These provisions have served their purpose and are no longer needed.
- Adjustments to rule language to reflect the new requirements for processors that make marijuana-infused edible products to obtain a marijuana edible endorsement from the WSDA effective April 1, 2018.
- Moved language from WAC 314-55-015 regarding requirements that processors must construct and keep facilities for marijuana-infused edibles in a clean and sanitary condition as it is more appropriate in this rule.
- Addition of language being moved from WAC 314-55-105 regarding treating or adulterating useable marijuana as it is more appropriate to appear in this rule and WAC 314-55-075.
- Removal of language regarding the requirement that servings of marijuana-infused edibles must be individually wrapped and other packaging and labeling provisions as they are covered in packaging and labeling rules (WAC 314-55-105).
- Language allowing the removal of the statement “this product contains marijuana” only if a universal symbol is adopted by the Board and upon the effective date of that change.
- Language allowing processing service arrangements between licensed processors to process intermediate products for a fee rather than purchasing the marijuana and selling it back plus the costs of extraction services. Additional provisions are included providing parameters on how such arrangements may operate.
- Additional provisions relating to returns of product, including recordkeeping requirements.
- Clarifying technical and organizational changes throughout.

Amendatory section. WAC 314-55-079 Marijuana retailer license – Privileges, requirements, and fees.

- Changes to incorporate the allowance for sale or donation of lockable drug boxes due to changes to law. A marijuana retailer may not sell lockable boxes for less than the cost of acquisition or sell boxes received as a donation. The donation of lockable boxes must come from a person or entity that is not a licensed marijuana producer, processor, or retailer.
- Increase of maximum retail license interests from 3 to 5 total due to changes in law.
- Clarifying technical and organizational changes throughout.
- Changes to the fees for a retailer license to reflect changes to state law increasing license fees to \$1300 effective July 1, 2018.
- Language regarding requirements that products be stored behind a counter or other barrier moved from WAC 314-55-105 to this rule as the provisions are more appropriate in the retailer rule rather than packaging and labeling rules.
- Removal of 72-hour notification requirement prior to disposal of marijuana products consistent with removal for waste requirements proposed in this rulemaking.

Amendatory section. WAC 314-55-080 Medical marijuana endorsement.

- Clarifying changes to incorporate provisions in law allowing qualifying patients between 18 and 21 years old with a recognition card to enter and remain on the premises of a retail store with a medical marijuana endorsement. Additional provisions for qualifying patients with recognition cards under the age of 18 are also included. Changes are consistent with allowances in statute and will ensure licensees have proper information regarding the privileges of qualifying patients under age 21.
- Adjustments to require records be kept for 5 years, consistent with Dept. of Revenue recordkeeping requirements.

Amendatory section. WAC 314-55-082 Insurance requirements.

- Clarifying edits to ensure better understanding of rule requirements.

Amendatory section. WAC 314-55-083 Security and traceability requirements for marijuana licensees.

- Adjustment to rule title to ensure understanding that traceability system requirements are included in the rule.
- Proposed removal of 24-hour quarantine requirement prior to transfers of product.
- Proposed removal of 72-hour notification and waiting period prior to destroying waste.
- Change from the 16-digit identification number to the "unique identifier generated by the state traceability system" due to the transition to a new traceability system.
- Removal of the 15-day window for start-up inventory for producers. Since the industry has been up and running for years now, this allowance has served its purpose. Producers may purchase plants/clones/seeds, etc., from other license producers.

Amendatory section. WAC 314-55-084 Marijuana plant production.

- Minor changes to ensure the rule functions properly, including technical changes due to WAC 314-55-108, Pesticide action levels, becoming effective in August 2017.

Amendatory section. WAC 314-55-087 What are the recordkeeping requirements for marijuana licensees?

- Adjustment to require records be kept for 5 years, consistent with Dept. of Revenue recordkeeping requirements.

Amendatory section. WAC 314-55-089 Tax and reporting requirements for marijuana licensees.

- Change to provide that monthly reporting requirements for purchases and sales by producers and processors is accomplished by keeping data completely up to date in the state traceability system.
- Edits to clarify that inventory reductions that are not adequately documented will be deemed to be sales and will be assessed the excise tax.
- Additional language to clarify that excise tax collected in error must either be returned to the customer(s) or remitted to the WSLCB if returning to the customer(s) is not possible.
- If a licensee uses a money transmitter service, the licensee must remit payments in US dollars.

Amendatory section. WAC 314-55-092 Failure to pay excise taxes and late payment of excise taxes.

- Clarifying adjustment that the 2% penalty per month applies to outstanding balance for late excise tax payments.

Amendatory section. WAC 314-55-095 Marijuana servings and transaction limitations.

- Changes to clarify the servings and transaction limits for products, including marijuana-infused products otherwise taken into the body and topicals. These changes were a direct result of many questions received on servings and transactions requirements from the industry.
- Limits were needed for products that are otherwise taken into the body to ensure uniformity in servings and transaction requirements for all marijuana-infused products that are eaten or absorbed into the body through a method other than oral ingestion. These proposed changes will serve to avoid similar concerns for overconsumption and THC limits for these products as exist with marijuana edible products.
- Added language that states a licensee or employee of a licensee is prohibited from conducting a sale that facilitates an individual in obtaining more than the personal possession amount.

Amendatory section. WAC 314-55-096 Vendor, educational, and internal quality control samples.

- Clarifying changes to ensure sampling rules are clear and understandable due to licensees expressing confusion with requirements.
- Clarification that vendor samples may only be given to and used by licensees or employees of licensees who have product ordering authority. This change is proposed to avoid potential compensation through marijuana products and to ensure that vendor samples function as they should in only being used to negotiate a sale for a product that the licensee does not already carry.
- Added allowances specifically for products that are otherwise taken into the body consistent with definitions and servings and transaction limitations, as well as treating such products similar to marijuana edible products.
- Added language regarding the amounts of topical products that may be sampled under vendor and education sampling rules as the rules were silent. This is in response to industry questions on the subject.
- Change from the 16-digit identification number to the "unique identifier generated by the state traceability system" in labeling requirements for samples due to the transition to a new traceability system.

Amendatory section. WAC 314-55-097 Marijuana waste disposal—Liquids and solids.

- Changes to remove the 72-hour notification requirement prior to disposal of waste. Traceability requirements must still be maintained by licensees for waste disposal, but the 72-hour waiting period is proposed to be removed.
- Additional changes to waste requirements are expected later this year. The WSLCB is currently discussing potential changes with the Dept. of Ecology, waste management companies, and local jurisdictions.

Amendatory section. WAC 314-55-102 Quality assurance testing.

- Changes to language surrounding elective compliant products testing under DOH rules (chapter 246-70 WAC) to eliminate confusion around optional quality assurance tests.
- Technical change to add provisions that the QA tests and third party testing lab name must be included with each lot and disclosed to the customer buying the lot. This requirement is elsewhere in the chapter, but important to reiterate here to ensure the ultimate consumer has access to lab results (also required under current rules).
- Technical change incorporating requirements in RCW 69.50.345 that any remaining sample after testing must be returned to the licensee or disposed as provided in WAC 314-55-097.

Amendatory section. WAC 314-55-104 Marijuana processor license extraction requirements.

- Various changes to make clarifying edits due to other rule changes to Lab QA rules during 2017.
- Removal of the requirement to send certificates for extractors to the WSLCB, but licensees must meet with requirements of the State Building Code Council in WAC 51-54A-3800, as well as other legal and regulatory requirements to ensure the safe construction and operation of extractor machines.

New section. WAC 314-55-117 Use of payment services by retailers.

- Proposed new section to provide guidance to retail licensees that use money transmitter services.
- Changes were developed in partnership with the Dept. of Financial Institutions.

Amendatory section. WAC 314-55-120 Ownership changes.

- Added language (consistent with WAC 314-55-035) that licensees must notify the WSLCB if there are any changes to marital status of any true party of interest in the license. This is due to the fact that such changes have ownership change impacts.

Amendatory section. WAC 314-55-125 Change of location.

- Clarifying edits to ensure licensees understand that any change of location requires an application and approval by the WSLCB prior to any change of location of the licensed business.

New Section. WAC 314-55-137, Receiverships.

- New section proposed to detail requirements for receiverships involving marijuana licenses. This section defines notice requirements for receiverships, the requirements to be eligible to be a receiver, the role and responsibility of receivers, and qualifications to be placed on the WSLCB's pre-approved receiver list.
- This new section is needed due to a rise of licenses going into receivership and to address issues and potential concerns with receivership scenarios.

Amendatory section. WAC 314-55-140 Death or incapacity of a marijuana licensee.

- Removal of receivership references due to the proposed new section regarding receiverships, WAC 314-55-137.

Amendatory section. WAC 314-55-185 WSLCB right to inspect premises or vehicles associated with a license to produce, process, sell, research, or transport marijuana.

- Technical changes to ensure proper reference to all marijuana license types.

Amendatory section. WAC 314-55-410 Cooperatives.

- Changes proposed to address cooperative renewals. The WSLCB will contact the primary contact listed for each registered cooperative on an annual basis to ensure validity of recognition cards and to confirm the status, whether active or inactive, of the cooperative. If the WSLCB finds that the cooperative no longer meets the criteria required under this section, the WSLCB may not renew the cooperative registration.
- Technical changes due to proposed new section regarding purchases of immature plants/clones and seeds from licensed producers by members of registered cooperatives, patients with recognition cards, and designated providers.

New section. WAC 314-55-417 Sales of immature plants or clones and seeds from licensed producers to members of cooperatives, qualifying patients, and designated providers.

- Proposed new section to address changes to law allowing patients with recognition cards and designated providers to purchase immature plants/clones and seeds from licensed producers.
- Moved provisions for members of registered cooperatives making purchases of immature plants/clones and seeds from licensed producers.
- Proposed new rule largely tracks the provisions or the Board Interim Policy on this issue, but makes slight adjustments due to the proposed removal of the 24-hour quarantine requirement prior to transfers of plants/products by licensed producers.

Amendatory section. WAC 314-55-525 Group 2 regulatory violations.

- Advertising penalty adjustments due to the removal of default \$1,000 penalties per advertising offense and direction in statute from Legislature to create a graduated penalty structure for repeat violations of advertising regulations. A graduated penalty structure for these violations already existed in current rule. Simply removing the blanket \$1,000 penalty provisions allows the graduated penalty to function as directed.
- Changes to penalties for monthly tax payments to reflect changes to reporting requirements made in WAC 314-55-089, as well as the removal of the reference to transportation licensees as they do not collect taxes.
- Creation of a penalty for the use of an unauthorized money transmitter for retail sales consistent with the proposed new rule regarding use of payment services by retailers (WAC 314-55-117).

Amendatory section. WAC 314-55-530 Group 3 license violations.

- Technical changes to penalty structure to avoid redundancies and confusion.

Repealer. WAC 314-55-081, Who can apply for a marijuana retailer license?

- This rule is being repealed as the relevant contents of the rule that are still needed are being incorporated into WAC 314-55-079.

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

MOTION: Member Hauge moved to approve the filing of CR 102 for 2017 Cannabis Legislation Implementation

SECOND: Member Garrett seconded.

ACTION: Motion passed unanimously.

Timeline

July 12, 2017	Board approved filing the pre-proposal statement of inquiry (CR 101)
April 4, 2018	Board is asked to approve filing the proposed rules (CR 102 filing)
May 30, 2018	Public Hearing
May 30, 2018	End of written comment period
June 13, 2018	Board is asked to adopt rules
June 13, 2018	Agency sends notice to those who commented both at the public hearing and in writing.
June 13, 2018	Agency files adopted rules with the Code Reviser (CR 103)
July 14, 2018	Rules are effective (31 days after filing)

ACTION ITEM 3D - Board Approval of CR 101 for 2018 Cannabis Legislation Implementation

Joanna Eide, Policy and Rules Coordinator, began the briefing with materials (HANDOUTS 3D 1-2).

Ms. Eide: The passage of ESSHB 2334 is the only piece of cannabis legislation that passed this session that requires rulemaking on our part. It requires the LCB to create testing requirements for any CBD products that are used as additives in marijuana products within the regulated system that are not generated from within the regulated system. They must be tested and pass testing, before they can be used in the creation of marijuana products. Rulemaking will be to work on what those testing requirements will be for those CBD products. We will be reaching out to our science partners as well as the industry and certified labs as we develop these. Thankfully the Department of Health has some rule provisions relative to these products already present in their rules so we'll likely be borrowing from that, but we want to be sure we are capturing everything we need.

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

MOTION: Member Garrett moved to approve the filing of CR 101 for 2018 Cannabis Legislation Implementation

SECOND: Member Hauge seconded.

ACTION: Motion passed unanimously.

Timeline

April 4, 2018	Board is asked to approve filing the pre-proposal statement of inquiry (CR 101)
April 18, 2018	Code Reviser publishes notice, LCB sends notice to rules distribution list
May 23, 2018	End of written comment period
May 30, 2018	Board is asked to approve filing the proposed rules (CR 102 filing)
June 20, 2018	Code Reviser publishes notice, LCB sends notice to rules distribution list
July 11, 2018	Public Hearing held
July 11, 2018	End of written comment period
July 25, 2018	Board is asked to adopt rules
July 25, 2018	Agency sends notice to those who commented both at the public hearing and in writing.
July 25, 2018	Agency files adopted rules with the Code Reviser (CR 103)
August 25, 2018	Rules are effective (31 days after filing)*

ACTION ITEM 3E - Board Approval of CR 101 for 2018 Liquor Legislation Implementation

Janette Benham, Policy and Rules Coordinator, began the briefing with materials (HANDOUTS 3E 1-2).

Ms. Benham: House Bill 2517 passed during the 2018 legislative session and requires LCB to adopt rules to implement a schedule of penalties for a licensed alcohol manufacturer who has committed a violation as part of the licensee's ancillary activities. The legislation defines ancillary activities as activities by a licensee involving the public and relating to serving samples, operating a tasting room, conducting retail sales, serving alcohol under a restaurant license, or serving alcohol with a special occasion license. The schedule of penalties for ancillary violations must ensure that licensees will not have their manufacturing license suspended for ancillary activity violations. An issue paper was included with the Board meeting materials.

Timeline

April 4, 2018	Board is asked to approve filing the pre-proposal statement of inquiry (CR 101)
April 18, 2018	Code Reviser publishes notice, LCB sends notice to rules distribution list
May 18, 2018	End of written comment period
May 30, 2018	Board is asked to approve filing the proposed rules (CR 102)
June 20, 2018	Code Reviser publishes notice, LCB sends notice to rules distribution list
July 11, 2018	Public Hearing held
July 11, 2018	End of written comment period

July 25, 2018	Board is asked to adopt rules
July 25, 2018	Agency sends notice to those who commented both at the public hearing and in writing.
July 25, 2018	Agency files adopted rules with the Code Reviser (CR 103)
August 27, 2018	Rules are effective (31 days after filing)

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

MOTION: Member Hauge moved to approve the filing of CR 101 for 2018 Liquor Legislation Implementation

SECOND: Member Garrett seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3F - Board Adoption of CR 103 for Private Label Spirits

Karen McCall, Senior Policy and Rules Coordinator, began the briefing with materials (HANDOUTS 3F 1-3).

Ms. McCall: We held two public hearings on this, the first on November 29, 2017. Then we filed a supplemental CR 102 with changes to the proposed rules and held the second public hearing on March 7, 2018. We received four written comments on the rulemaking.

Ms. McCall then requested the Board adopt the rules.

MOTION: Member Hauge moved to adopt the CR 103 for Private Label Spirits

SECOND: Member Garrett seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3G - Board Adoption of CR 103 for Acceptable Forms of Identification

Karen McCall, Senior Policy and Rules Coordinator, began the briefing with materials (HANDOUTS 3G 1-3).

Ms. McCall: This rulemaking came about as a request from a private citizen wanting the Board to include NEXUS cards and passport cards to our list of acceptable forms of ID. I've received no comments on this other than the requestor writing in to thank us for proceeding with the rulemaking.

Ms. McCall then requested the Board adopt the rules.

MOTION: Member Garrett moved to adopt the CR 103 for Acceptable Forms of Identification

SECOND: Member Hauge seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3H - Board Approval of CR 102 for Spirits Mini Bottles

Karen McCall, Senior Policy and Rules Coordinator, began the briefing with materials (HANDOUTS 3H 1-3).

Ms. McCall: We received several comments recently from citizens and other that were concerned that the stores that have a lot of minors going into them have the little mini spirits bottles close to the check stand where they are easy for someone to stick in their pocket. We wanted to come up rules that would not affect those stores that were clearly just liquor stores, like our former state and contract liquor stores. We found a way to do that in rule by stating that if it was a grocery store or specialty shop with a spirits retail license, they would have to place these mini bottles either locked or behind a counter where an employee has to get those products for a customer. But if it is a store that has a spirits retail license that sells more than 50% of their sales in alcohol, they would not have to keep these items in a locked area. We think that will satisfy our current liquor stores that are out there.

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

MOTION: Member Hauge moved to approve the filing of CR 102 for Spirits Mini Bottles

SECOND: Member Garrett seconded.

ACTION: Motion passed unanimously.

Chair Rushford: Thank you again to the staff for their excellent work.

4. GENERAL PUBLIC COMMENT

Chair Rushford invited citizens to address the Board regarding any issues related to LCB business.

Steve Sarich – Cannabis Action Coalition

I've been getting a lot of complaints from patients across the state that are having a very hard time locating medical products. You have a seed to sale tracking system. What we are proposing is that you put up a page specifically for patients where they can locate what stores and what locations have these products, what products they have, and a hyperlink to the testing on those products. It is impossible for us to go and hunt through stores because there is hardly anything out there. If you have medical products out there, I'm sure the people making them would appreciate this and so would the patients.

One other consideration, not all CBD products are medical products. The CBD products I have found in the recreational stores are made from CBD isolate or distillate which really has no medical value to most patients. If you are going to list CBD as medical product, it should be clearly defined as to where the CBD comes from, whether or not it is a full spectrum CBD or if it is from a distillate so the patients have a way of knowing. Is there any reason why the Board can think of as to why you can't provide us with a way to find where these products are?

Chair Rushford: This isn't a time for discussion, we would like to hear your comments.

Mr. Sarich: That is my comment, thank you.

Don Skakie - Citizen

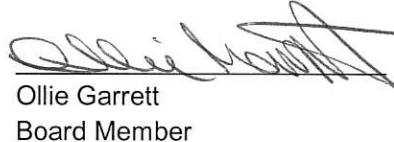
This has come up in discussions with other people as well. If you happen to Google "medical cannabis retail locations in Washington State" they are basically just a cluster in King County and Seattle area. This does reflect a lack of access and availability to patients throughout the rest of the state. This is quite an important issue because a lot of patients don't have the financial resources, or maybe the physical ability to travel great distances to get their medicine. It should be more available statewide to ease the burden on the people that need these products. Thank you.

ADJOURN

Chair Rushford adjourned the meeting at 10:41 a.m.

Minutes approved this 18 day of APRIL, 2018


Jane Rushford
Board Chair


Ollie Garrett
Board Member

NOT PRESENT
Russ Hauge
Board Member

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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