



Washington State Liquor Cannabis Board Meeting

Wednesday, October 31, 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, October 31, 2018. Member Ollie Garrett and Member Russ Hauge were also present.

2. APPROVAL OF MEETING MINUTES

MOTION: Member Hauge moved to approve the October 3, 2018, meeting minutes.

SECOND: Member Garrett seconded.

ACTION: Motion passed unanimously.

MOTION: Member Hauge moved to approve the October 17, 2018, meeting minutes.

SECOND: Member Garrett seconded.

ACTION: Motion passed unanimously.

3. AGENCY UPDATE

Chair Rushford announced the January 9, 2019 Board meeting would be in Spokane, Washington.

Jim Morgan informed that the Liquor and Cannabis Headquarters is relocating as of July 1, 2019. The new location is 1025 Union Ave in downtown Olympia, WA.

4. ACTION ITEMS (A-E)

ACTION ITEM 4A - Board Adoption of Revised Interim Policy BIP-05-2018 for Cannabis Packaging and Labeling Rules Changes

Karen McCall, Policy and Rules Coordinator, began the briefing with materials (HANDOUT 4A 1).

Ms. McCall: This was originally approved by the Board in May when the Board adopted the rules for packaging and labeling changes. They have an effective date of January 1, 2019. The original interim policy gave our processors until January 1 to get all of their products into packaging and labeling that meet the requirements. We are extending that in this revised policy to June 1, 2019, to give producers more time to comply.

This original policy gave processors the choice whether to follow the old rules or the new rules up until January 1, 2019. With this revised policy, after January 1, 2019, all packaging and labeling submissions have to meet the new requirements because the rules will be in effect at that point.

Ms. McCall then requested approval from the Board to file the revised interim policy BIP-05-2018.

MOTION: Member Garrett moved to approve the adoption of the Revised Interim Policy BIP-05-2018 for Cannabis Packaging and Labeling Rules Changes

SECOND: Member Hauge seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 4B - Board Approval of CR 101 for Marijuana Penalties

Karen McCall, Policy and Rules Coordinator, began the briefing with materials (HANDOUTS 4B 1-2).

Ms. McCall: The Board was notified of this by Justin Nordhorn, our Chief of Enforcement. Over the past several months, the enforcement division has been encountering an increase in non-compliance related to untraceable product in licensed producer/processor locations. The non-compliance can vary from a few untraceable items to hundreds of pounds, and thousands of gram units. When taking enforcement action, officers do not have clear guidance on when to escalate a violation which may be viewed as aggravated. Further, settlement conferences do not have an effective standard to provide consistent settlement offers based on the wide variety of circumstances.

We would like to open up the marijuana penalties so that we can address those situations for issues where the traceability system is not being used as intended.

Timeline

October 31, 2018	Board is asked to approve filing the pre-proposal statement of inquiry (CR 101)
November 21, 2018	Code Reviser publishes notice, LCB sends notice to rules distribution list
December 21, 2018	End of written comment period
January 9, 2019	Board is asked to approve filing the proposed rules (CR 102 filing)
January 25, 2019	Code Reviser publishes notice, LCB sends notice to rules distribution list
February 20, 2019	Public Hearing held
February 20, 2019	End of written comment period
March 6, 2019	Board is asked to adopt rules

March 6, 2019	Agency sends notice to those who commented both at the public hearing and in writing.
March 6, 2019	Agency files adopted rules with the Code Reviser (CR 103)
April 6, 2019	Rules are effective (31 days after filing)*

*Unless otherwise provided.

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

MOTION: Member Hauge moved to approve the filing of CR 101 for Marijuana Penalties

SECOND: Member Garrett seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 4C - Board Approval of CR 101 for WAC 314-55-035

Karen McCall, Policy and Rules Coordinator, began the briefing with materials (HANDOUTS 4C 1-2).

Ms. McCall: This particular rule was part of the rulemaking for the 2017 legislation implementation, but we received a large number of comments from our stakeholders on the proposed rules for true party of interest. Based on that, I took this particular rule out of that rulemaking for 2017 legislation implementation and decided it would be better served to review it on its own and work with stakeholders on the changes so they are clear. I want to open the CR 101 today so we don't lose any time.

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

MOTION: Member Garrett moved to approve the filing of CR 101 for WAC 314-55-035

SECOND: Member Hauge seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 4D - Board Adoption of CR 103 for 2017 Cannabis Legislation Implementation

Karen McCall, Policy and Rules Coordinator, began the briefing with materials (HANDOUTS 4D 1-4).

Ms. McCall: There were some needed changes as a part of this rulemaking for clarification that staff and stakeholders had identified as areas that we needed to revise.

We held the public hearing for this particular rulemaking on October 3, 2018. Six people commented at the hearing. All comments were about 314-55-035, persons or entities that have to be qualified for a marijuana license. We had 12 written comments, about half concerned 314-55-035. If the Board adopts the rules today, I'll send out a concise explanatory statement to all of our stakeholders and file the CR 103 with the code reviser office. The rules would then become effective on December 1, 2018.

Ms. McCall then requested adoption of CR 103 for 2017 Cannabis Legislation Implementation

MOTION: Member Hauge moved to adopt the CR 103 for 2017 Cannabis Legislation Implementation

**Please note – the completion of the adoption of the CR 103 for 2017 Cannabis Legislation Implementation is below, incorporated into the motion for the 2018 rulemaking.*

ACTION ITEM 4E - Board Adoption of CR 103 for 2018 Cannabis Legislation Implementation

Karen McCall, Policy and Rules Coordinator, began the briefing with materials (HANDOUTS 4E 1-3).

Ms. McCall: These rules were created based on ESSHB 2334 from the legislative session which allows a producer or processor to import CBD products to enhance the CBD in the products they are making. We received three written comments, and there were three comments at public hearing on October 3, 2018. If the Board approves these rules today I'll send out a concise explanatory statement to stakeholders and file the CR 103 with the code reviser office. The rule would then become effective on December 1, 2018.

Ms. McCall then requested adoption of CR 103 for 2018 Cannabis Legislation Implementation

MOTION: Member Garrett: I want to go back and second the motion for the CR 103 for the 2017 Cannabis Legislation Implementation, and then move for adoption of the CR 103 for the 2018 Cannabis Legislation Implementation.

SECOND: Member Hauge: I will second the motion regarding the 2018 Cannabis Legislation.

ACTION: Chair Rushford: So moved.

Chair Rushford: Thank you Karen for being a part of the interim support. It has been wonderful having you step in. I'd like to take a moment to introduce Kathy Hoffman, our new rules coordinator for cannabis. If you haven't had a chance to meet her, I hope you will soon. Together right now, Karen and Kathy are diving deeply into where we've been and where we're heading. Welcome, Kathy.

ACTION ITEM 4F - Board Approval of 2nd Supplemental CR 102 for Curbside Service

Janette Benham, Policy and Rules Coordinator, began the briefing with materials (HANDOUTS 4F 1-4).

Ms. Benham: This second supplemental is necessary due to changes in the proposed rules based on written comments and comments received during the October 3, 2018 public hearing.

Changes include the removal of the requirements that the person placing the order online is the same person picking up the order, and that all occupants of the vehicle are over twenty-one. Additional changes include changing the \$25 minimum grocery coded purchase to require that orders include at least \$25 of non-alcohol items, and clarification regarding pickup and pass-through windows.

Timeline

October 31, 2018	Board is asked to approve filing the revised proposed rules (Supplemental CR 102 filing)
November 21, 2018	Code Reviser publishes notice, LCB sends notice to rules distribution list
December 12, 2018	Public Hearing held
December 12, 2018	End of written comment period
January 9, 2019	Board is asked to adopt rules
January 9, 2019	Agency sends notice to those who commented both at the public hearing and in writing.
January 9, 2019	Agency files adopted rules with the Code Reviser (CR 103)
February 9, 2019	Rules are effective (31 days after filing)

Ms. Benham then requested approval of 2nd Supplemental CR 102 for Curbside Service

MOTION: Member Hauge moved to approve the of 2nd Supplemental CR 102 for Curbside Service

SECOND: Member Garrett seconded.

ACTION: Motion passed unanimously.

5. GENERAL PUBLIC COMMENT

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

Chris Marr - Consultant

First of all thank you especially for two things. One is for modifying the Board interim policy to allow us to align the packaging and labeling approval timeline. I know that is a big relief for a lot of folks. The second thing is your willingness to defer consideration of Section 314-55-035 for subsequent rulemaking. I think based on the input you folks received you understood there is a lot of moving parts here. I know you have already received some suggestions, I'm hoping the timeline you set will solicit some more. Again, I think both of those moves create more opportunity for thoughtful dialog back and forth.

I was not there. I was a part of some initial stakeholder discussions, but I know that the Board heard the joint proposal from WACA, CORE and Cannabis Alliance the other day. My understanding is that you are taking that under advisement, and I really appreciate your willingness to do that. Again, I think there are ways we can address the same concern but maybe do it in a way that hopefully alleviates some concerns that folks have.

I should mention, I wasn't a part of drafting the actual joint proposal, but I went back and I looked at a lot of the ideas that came forward which hopefully you will give some consideration to, and I looked back at my records and I actually proposed a number of these ideas according to my notes, emails, and other things 20 months ago, specifically with Joanne Eide. For instance, the use of a pantone color chart to approve colors. Posting examples online in terms of what is permitted and not permitted. Clarifying allowable product forms and so on and so forth.

Normally what I do, and I think a number of people do this, is we try to observe the chain of command. We go through folks at the staff level. This was in the context of the PAL working group, if you remember

back when we were doing packaging and labeling rule approval. You'd been working on that a long time and you finally approved them I think back in May. What I was involved in, was we convened a group of processors. Some were my clients. Some were the largest in the state. Some were small and some were folks that I knew from the industry but were pretty articulate. We actually presented a group of these recommendations, but were told at the time that "our PAL rulemaking wasn't going to touch on those areas, maybe we'll consider them later". It actually turns out that the justification for a lot of what has gone on around the MIE debacle, one might say, touched on those issues.

I guess, in the interest of constructive criticism, hopefully we can figure out a way for that information to be uploaded to the Board a little bit more. I will try and be more diligent to make sure you are looped in on suggestions that I have.

The best way to close is to say that they must be good ideas that the coalition presented because I came up with the same ones at some point.

I think there are a lot of good ideas. I know there is a lot on your plate to address around that. Thank you.

Chair Rushford: I'll close today by saying that we the Board greatly appreciates the effort of our staff and those that our stakeholders bring. It enriches the experience as we are still writing this playbook. It will continue to be a work in progress for some time to come. Thanks to everyone for your contributions.

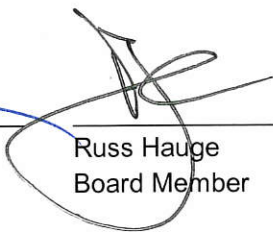
ADJOURN

Chair Rushford adjourned the meeting at 10:20 am.

Minutes approved this 28 day of NOVEMBER, 2018


Jane Rushford
Board Chair


Ollie Garrett
Board Member


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, cannabis, tobacco, and vapor laws.

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For questions about agendas or meeting materials you may email dustin.dickson@lcb.wa.gov or call 360.664.1717