



Washington State Liquor and Cannabis Board Meeting

Wednesday, January 9, 2019, 10:00 a.m.

Special Location – Council Chambers, Lower Level of Spokane City Hall
808 W. Spokane Falls Blvd., Spokane, WA 99201

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, January 9, 2019. Member Ollie Garrett and Member Russ Hauge were also present.

Chair Rushford: Thank you very much for coming to participate in our board meeting. We're very happy to be here in Spokane. It's great to see so many of you that we've had the opportunity to meet or talk with.. Thank you again.

2. APPROVAL OF MEETING MINUTES

MOTION: Member Hauge moved to approve the December 12, 2018, meeting minutes.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

3. ACTION ITEMS (A-H)

ACTION ITEM 3A - Board Approval to Withdraw Spirits Mini Bottles Rulemaking

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

Ms. Benham: The first item is to withdraw rulemaking for WAC 314-02-107 regarding placement and storage of mini spirits bottles. Rulemaking was initiated as a result of concerns brought to the Board's attention that mini spirits bottles were placed openly and with minimal security in certain stores and could be easily accessed or stolen in stores frequented by minors.

A CR 101 to open rulemaking was filed with the code reviser on December 13, 2017. A CR 102 with proposed rule revisions was filed on April 4, 2018 and a public hearing was held on May 16, 2018. Based on comments received, a Supplemental CR 102 with additional proposed rules revisions was filed on July 25, 2018 and a public hearing was held on September 5, 2018. The Board considered comments and testimony and heard from stakeholders. The Board also received documentation from associations outlining their policies and protocols for managing and mitigating risk of access to and theft by minors.

At this time, the Board has chosen to withdraw rulemaking. If concerns are again brought to the Board's attention that placement and storage of mini spirits bottles poses risk to public safety, the Board may choose to reopen rulemaking to address those concerns. The process for withdraw from rulemaking involves sending a letter of notification to the office of the code reviser, which if approved today, I will send tomorrow. A draft copy of that letter is included in the meeting materials.

Ms. Benham then requested approval from the Board withdraw the rulemaking for Mini Spirits Bottles

MOTION: Member Garrett moved to approve the withdrawal of the Mini Spirits Bottles rulemaking.

SECOND: Member Hauge seconded.

ACTION: Motion passed unanimously.

Chair Rushford: I want to underscore what Janette said that if as times goes by we have more evidence of issues regarding this we will consider reopening. At this time, we feel that we've had a favorable response from those that participated in our discussions, but we still reserve concerns that might need to be addressed at some point. Thank you.

ACTION ITEM 3B - Board Approval of CR 101 for Special Occasion Licenses Rules Review

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

Ms. Benham: The second item I have for you today is approval to file a CR 101 for Special Occasion Licenses listed in chapter 314-05 WAC. This rulemaking will be a part of regular ongoing rules in due process and will clarify requirements for special occasion license applications. Revisions will also include general clarifying and technical updates.

Timeline

January 9, 2019	Board is asked to approve filing the pre-proposal statement of inquiry (CR 101)
February 6, 2019	Code Reviser publishes notice and LCB sends notice to rules distribution list
March 8, 2019	End of written comment period
March 20, 2019	Board is asked to approve filing the proposed rules (CR 102 filing)
April 3, 2019	Code Reviser publishes notice, LCB sends notice to rules distribution list
May 1, 2019	Public Hearing held
May 1, 2019	End of written comment period
May 29, 2019	Board is asked to adopt rules
May 29, 2019	Agency sends notice to those who commented both at the public hearing and in writing.
May 29, 2019	Agency files adopted rules with the Code Reviser (CR 103)
June 29, 2019	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 CR 101 for Special Occasion Licenses Rules Review

SECOND: Member Garrett seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3C - Board Adoption of CR 103 for Curbside Service

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

Ms. Benham: The last item I have for you today is the adoption of a CR 103 for Curbside Service rules. We worked a lot on these rules and considered a lot of public comment and met with stakeholders. Ultimately, we held three different public hearing, so the version moving forward is the third version of these rules.

These rules ensure that grocery stores and customers have requirements in place for curbside service when customers order alcohol as part of an order placed online. The version of these rules that I'm requesting approval for has outlined requirements that include:

- Prohibiting drive-through service from pick up or pass-through windows
- Requiring that orders include at least \$25 of non-alcohol items
- Vehicles picking up orders must be parked in designated pick up areas owned or controlled by the licensee
- Employees delivering orders must be at least 18 years of age and be trained on verifying ID, recognizing signs of intoxication, and preventing youth access. If ID cannot be verified or if the driver appears intoxicated, all alcohol will be removed from the order

Other changes to these rules include technical and clarifying changes. Considering comments received after the final version of the rules were presented for a hearing, the Board decided to delay the effective date of these rules to August 1, 2019 which gives the stores time to update their internal systems to comply with the minimum \$25 order. This means we can adopt these rules today and have the effective date pushed out to August 1, 2019. The current interim policy will remain in effect until then. If approved for filing, I'll ensure that a concise explanatory statement with all of the rules, comments, and responses will be sent to all who commented.

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

MOTION: Member Garrett moved for Adoption of CR 103 for Curbside Service

SECOND: Member Hauge seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3D - Board Adoption of Revisions to BIP 05-2018 for Cannabis Packaging and Labeling Rules

Kathy Hoffman, Policy and Rules Coordinator, began the briefing with materials (HANDOUT 3D 1).

Ms. Hoffman: The first item I have is a second revised Board interim policy, 05-2018, concerning the implementation of cannabis packaging and labeling rule changes. As you are aware, new packaging and labeling rules went into effect on January 1st of this year and the original phase in period under the revised policy was for six months or until June 1, 2019. This was to allow implementation of flexibility while reducing impacts and costs to the industry. I request Board approval for the second revision to this policy that simply extends the phase in period to January 1, 2020 and contains the following language: "Licensees will have until January 1, 2020 to submit marijuana-infused edible packaging and labeling in compliance with new requirements for approval by the Board."

Ms. Hoffman then requested approval from the Board to file the revisions to BIP 05-2018 for Cannabis Packaging and Labeling Rules

MOTION: Member Hauge moved to approve the filing of revisions to BIP 05-2018 for Cannabis Packaging and Labeling Rules

SECOND: Member Garrett seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3E - Board Adoption of Revisions to BIP 07-2018 for MJ Labeling – False and Misleading Clarification

Kathy Hoffman, Policy and Rules Coordinator, began the briefing with materials (HANDOUT 3E 1). She

Ms. Hoffman: The second item I have for you today is revised Board Interim Policy 07-2018. This too concerns the packaging and labeling rule requirements consistent with WAC 314-55-105. As the board may recall, this policy serves a two-prong purpose. First it clarifies the meaning of the phrase "false and misleading" with respect to packaging and labeling of marijuana-infused products. And second, it addresses concerns with respect to packaging and labeling that mimics, implies, or references a product containing alcohol.

This policy was originally adopted by the board on December 12th but it did not identify a phase-in period for licensees. So, the only change between this revised policy presented today and the policy adopted on December 12th is the inclusion of the bolded language that I referred to previously, and that is licensees will have until January 1 of 2020 to comply. There is also a technical change I wanted to make, it is a grammatical change. Under the policy statement, there is a sentence that reads currently: using the following words or references do not supersede the current rule. I'd like to revise that to say "use of the following words or references does not violate the current rule" to make that line more clear.

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

MOTION: Member Garrett moved to adopt the Revisions to BIP 07-2018 for MJ Labeling – False and Misleading Clarification

SECOND: Member Hauge seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3F - Board Adoption BIP 08-2018 for MJ Labeling – Curative or Therapeutic Effects

Kathy Hoffman, Policy and Rules Coordinator, began the briefing with materials (HANDOUT 3F 1).

Ms. Hoffman: The next policy I have is Board Interim Policy 08-2018. This policy concerns WAC 314-55-105 and 314-55-155, both related to useable marijuana, marijuana concentrates, and marijuana-infused products packaging and labeling. Like the previous policy, the purpose of this policy is to clarify the phrase "curative or therapeutic effects" with respect to packaging and labeling of marijuana, marijuana concentrates, and marijuana-infused products. This policy also clarifies the same phrase with respect to advertising requirements and promotional items.

By way of background, both WAC 314-55-105 and 155 provide that labeling of useable marijuana and marijuana products including concentrates and infused products sold at retail must not contain any statement, illustration, or depiction representing that the use of marijuana has curative or therapeutic effects. Similarly, the Department of Health has regulations described in WAC 246-70-060 regarding compliant product labeling that provides that labels for compliant products must not among other things state or imply any specific or therapeutic benefit. So, this brings out rules in alignment with the Department of Health. Again, licensees will have until January 1, 2020 to comply with these rules.

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

MOTION: Member Hauge moved to adopt BIP 08-2018 for MJ Labeling – Curative or Therapeutic Effects

SECOND: Member Garrett seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3G - Board Adoption of BIP 09-2018 for MJ Labeling – MIE Colors and Homogenization

Kathy Hoffman, Policy and Rules Coordinator, began the briefing with materials (HANDOUT 3G 1).

Ms. Hoffman: The fourth item I have for you this morning is Board Interim Policy 09-2018. I want to draw to your attention a change that was made in the policy since the draft policy was published on the internet. Previously, WAC 314-55-077 had references to marijuana-infused edible products in solid or liquid form, and both of these were found in Subsections 5 and 6. That rule changed on December 1st and those two sections were consolidated into Subsection 8. So, the prior policy that is published on the internet references Subsections 5 and 6 but the policy before you references Subsection 8, consistent with the rules that are now in effect.

Chair Jane Rushford: What is the implication of the change?

Kathy Hoffman: It has no substantive change. Really, it's a technical change to correct the change in rule. By way of background, the Liquor Control Board received complaints about the approval of marijuana-infused edible products that appeared to be especially appealing to children and a heightened risk of accidental exposure to this product. There is also industry concern expressed regarding the scope of WAC 314-55-077 and currently Subsection 8, prior, Subsections 5 and 6, providing that marijuana-infused edible products in solid or liquid form must be homogenized to ensure uniform disbursement of cannabinoids throughout the product. These concerns prompted the LCB to reevaluate the approval process for these products. LCB met with licensees and industry stakeholders regarding the homogenization process and the checks and balances that occur during production to ensure that THC is evenly dispersed. The LCB recognizes that the homogenization techniques used by licensees appear to be well designed manufacturing processes and that these products are tested by certified labs for THC accuracy. So for these reasons, the purpose of this policy is to remove the word "throughout" and substitute the word "uniform disbursement" in WAC 314-55-077 as it relates to homogenization and add language designed to reduce the risk of accidental exposure to marijuana-infused edibles by youth and children. To clarify, these rules for licensees are to protect the public.

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

MOTION: Member Garrett moved to adopt BIP 09-2018 for MJ Labeling – MIE Colors and Homogenization

SECOND: Member Hauge seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3H - Board Adoption of Revisions to BIP 10-2018 for MJ Labeling – MIE Colors

Kathy Hoffman, Policy and Rules Coordinator, began the briefing with materials (HANDOUT 3H 1).

Ms. Hoffman: The final policy for consideration is revised Board Interim Policy 10-2018. This policy was originally approved by the board on December 12th, 2018. As with the other policies I presented this morning, licensees will have until January 1, 2020 to phase into these requirements. Identifying this date is one of the revisions made to this policy. The other revision involves modifying requirements identified in the original policy statement regarding packaging and labeling requirements. These have been revised to clarify and simplify those packaging and labeling backgrounds and colors. I request Board approval for the revision of this policy to identify both the phase in period and adjust the policy statement for language and clarity.

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

MOTION: Member Hauge moved to adopt Revisions to BIP 10-2018 for MJ Labeling – MIE Colors

SECOND: Member Garrett seconded.

ACTION: Motion passed unanimously.

Ms. Hoffman: Thank you. And for clarification, I'm not sure that I stated with respect to policy 09-2018 the phase-in date is also January 1, 2020. I wanted to make sure that those were all aligned.

Chair Rushford: Excellent, thank you.

4. PUBLIC HEARINGS (A)

Chair Rushford: We are going to open our public hearing on our vapor product rules. For those of you who have not testified before, we have a time limitation of four minutes. That's a lot of time to testify but I will cut off the testimony at four minutes to be fair to everyone involved. So, we encourage you to participate, and if you did not sign in to testify please do. Please go ahead, Kathy.

Ms. Hoffman: By way of background, the statutory framework for vapor products became effective in June of 2016 and was codified in chapter 70.345 RCW. The LCB engaged in rulemaking to implement that framework and rules became effective in December of 2016. There were only four sections of rules established at that time. Since then, LCB enforcement officers have contacts in excess of 1,400 vapor product locations throughout the state and information gathered from those contacts identified a need for rule changes. Their proposed rules reflect those changes by amending and adding new sections of rule that will add definitions where needed, add additional licensing requirements, add language regarding true party of interest, classify that all vapor products licensed locations allowing sampling must be restricted to persons 18 and over and add sections regarding vapor product license suspensions including public safety, regulatory and license violations and penalties.

One comment was received on this rulemaking. It was with respect to the interpretation of RCW 73.45.030 Subsection 4. And the statement in that particular statute regarding "otherwise permitted by law with respect to cannabinoids" and the argument was that imported CBD products did not fall under that category. Thank you.

Chair Rushford: Thank you very much. A reminder that his hearing is on vapor products. We have another section on our agenda where you can make general comments. This hearing is restricted to vapor product rules.

We ask that you state your name and if you're representing an organization, please indicate what that is. Thank you.

PUBLIC HEARING 4A – Vapor Product Rules

Chair Rushford opened the public hearing and invited the first citizen to the podium to provide testimony.

Linda Thompson – Greater Spokane Substance Abuse Council (GSSA)

My name is Linda Thompson. I'm with the Greater Spokane Substance Abuse Council's Prevention Center and the Washington Association for Substance Abuse and Violence Prevention. I was hoping to hear the other comments so that I could share information from the prevention perspective. We have been advocates for protecting our children from being able to access vapor products and we are seeing the issues in the schools with so much vaping happening that many of the schools are even closing their bathrooms for what is happening with the vaping among our youth.

One of the things I'd like to share is that when the initiative was first passed, which we are supportive of now that it has been passed and that we have the system, we want the system to work on the marijuana and vaping. Everything that we can do to protect our children was included in the initial part of the initiative. We feel vaping is similar in rules that we are seeing, and that we do not have enough prevention dollars to help our kids understand the dangers of vaping. We are seeing that they are using not just tobacco products but a lot of other products in their vaping. Without having the prevention dollars for community education and really raise the awareness among parents and adults about the importance of helping our kids make positive choices to wait 'til their 18 to choose to use, I ask that you look at that as you pass these rules to think about the effect on our children. We've seen children as young as second and third grade bringing vaping products to our schools. It's very important to think about the children as you make these decisions. Thank you.

Chair Rushford: Thank you, Linda. Is there anyone who missed the opportunity to sign up for this public hearing?

Steve Walser – Buddy Boy Farms

Good morning, my name is Steve Walser. I'm managing partner for Buddy Boy farms, which is a licensed tier three grower, producer and processor. And I would like --

Chair Rushford clarified that comments made should be regarding the vapor product rules.

Mr. Walser: Yes, it is. It's come to our attention recently, because we're just starting to produce an infused pre-roll, and the infused pre-rolls are treated like oil so you have to package each one separately in one-gram increments.

I would like to suggest that that really doesn't make sense for infused pre-rolls because in our experience, they're perhaps 80 to 90 percent marijuana and very small amount of oil. If you're not familiar with them, basically, the process is that you would add a small amount of oil to the cannabis and then roll it into a pre-roll and sell it as an infused joint. It allows us to be more efficient if we can sell it in the same box that we might sell a pre-roll, where we can have four or five pre-rolls and a customer can come in and buy four or five grams at a time. Regulating it like an oil, like it's a gram of oil, and I understand the reasoning behind that, but it doesn't really apply when it's a pre-roll because it's a very small amount of oil. In fact, in four or five joints, you wouldn't even have one gram of oil in total. But, we're regulated that we have to package each joint separately rather than being able to combine them. I'd just like to suggest that rule be changed and you allow us to package four or five, six, whatever, in a single package.

Chair Rushford: Thank you for your comments. I'm going to ask that you sign in with Cindy in the back of the room so that we have a record.

Mr. Walser: Sure, thank you.

Crystal Oliver – Washington Sungrowers Industry Association (WSIA)

Hello. My name is Crystal Oliver and I'm speaking on behalf of the Washington Sungrowers Industry Association. I am speaking specifically to the vape product proposal. I didn't know that you are now going to be prohibiting the sale of CBD vape products and I just wanted to say that our organization is supportive of that and think that you should restrict sales of CBD to the 502 stores specifically. Thank you.

Chair Rushford: Thank you, Crystal. If you would also please sign in. Thank you.

5. GENERAL PUBLIC COMMENT

Chair Rushford: We'll move now to our general public comments section. I know there are some people here today who have not testified or provided comments before. So we again ask you to state your name and organization. Please know that we appreciate the first-time experience and that we want to hear from you.

David LaMoureaux – Satori

Hi. My name is David LaMoureaux, I'm with Satori. Thank you for taking time to listen to what we have to say about these subjects. I wanted to touch base on the new packaging rules and regulations and the verbiage restrictions that you are working towards regulating.

I feel from a medical standpoint that it is difficult for us already to communicate effectively with our patients about some of the therapeutic benefits that cannabis may have for their medical needs. And so with the restrictions already, I find myself skating around gray areas of verbiage to be able to communicate effectively for patients. And in general, there's been some studies recently in Washington State that suggest over half of the recreation users are actually using medically even though they don't have a medical recommendation from a doctor or entered through the database. There are different therapeutic benefits that people find like resting easier or anxiety relief.

The hard part is the studies don't provide the empirical data that legislation generally requires, and that's an impossibility for the most part because of the legalities that are restricting us federally. I don't feel like regulating more of the verbiage that we are able to use to communicate about our products is going to be beneficial and I also don't feel like it's necessary. There's a lot of other things I feel like we can be working on to move this industry in the proper direction and to help patients have their voices heard and be able to find products without having to jump through hundreds of different strains, hundreds of different companies. It's hard for them to already figure out what strains might benefit their medical needs. And so I feel like restrictions like this will make it that much more difficult, that much more costly for patients and I don't feel like it's a necessary change at this time. I do understand from your perspective, some of the overstepping of the boundaries on our side of the industry. I know that there are budtenders and people that overstep boundaries for prescriptions and things like that. But, those rules are already established. If anything, you might need to just start regulating the rules that are already in place rather than setting new regulations, in my opinion. Thank you for your time.

Mark Collins – Wicked Weed

Good morning and thank you for your time. My name is Mark Collins. I'm one of the co-owners of Wicked Weed, a tier two producer/processor out of Airway Heights, Washington. There are two issues that we're worried about. One is the licensing fees that have been increased to provide a different system for traceability. Since that implementation, things have not ran as smoothly and we've had to spend more money to provide traceability and issues just keeping up with that work. So, increasing our fees when we have to spend more money on labor seems kind of short-sighted and has the ability to effect all of us. How are we going to keep providing these products if our fees keep going up? And now we have to

spend more money on labor. That's one issue that we feel would be nice if we can get it fixed and really take a look at.

The other issue that's been brought to our attention recently is the names of products representing alcoholic beverages. Where we find an issue with this is alcoholic beverages are sometimes named after other things. So then how do you properly regulate that? We offer a strain called "mimosa", which is named after a flower, not a drink, but some retailers won't buy that product because they're saying it's named after a drink. So just looking towards the future, how is this going to be dealt with? It could be a slippery slope. How do we deal if an alcoholic beverage gets named after one of our strains? Are we forced to change our product name because an alcoholic beverage decided to call that that name? And you see this all the time with small microbreweries and their beers. So, just be proactive and maybe give better guidance on that. Thank you.

Chair Rushford: Thank you for your comments. So you're all aware, we have staff in the room who are subject matter experts and they might pursue one or several of you after the meeting to provide some additional information.

Toni Nersesian – Palouse Farms

Good morning, and we are very grateful that you're in Spokane. You should come every year. It'd be wonderful. And have a meal with us afterwards, please, but not today.

My name is Toni Nersesian. I'm a tier one producer/processor with my husband Tom Barlow. We own Palouse Farms. I have just handed in a letter (CITIZEN HANDOUT 1) that I submitted with our licensing fee in March of 2018 requesting a refund of our entire license fee and one for the entire industry because of the cost of leaf to our -- the impact of the 70 percent increase that you did going into leaf. Along with that is a letter from the Cannabis Farmers Council from that same timeframe asking you to roll back our license fees to where they used to be. In June of 2018, this June 4th, I again presented that letter and Peter's answer to myself and the group was: we would need to identify blame for what happened with leaf before they could go into legislature and request our money back and it has to be a legislative act. And after the BOTECH report came out, I felt it pretty much identified where the blame was and it wasn't our fault.

There was problems in how he chose -- the whole timeframe was wrong. I went to the leaf training that fall and as soon as I left home and I up signed for Weed Tracker because we'd let it run, we were running on BioTrack but our contract had expired. With Weed Tracker we are functioning. The experts in the room that were telling the leaf people, "This isn't going to happen. You don't have the right time." You scared the living daylights out of us. We just went back to a third party vendor. Leaf launched and it did things to our lives that no people should ever have done in their business lives across the board. And one of the minor things was for all the sales, for example, say I sold 500 units to a store in one week. That first week of leaf, no one sold anything because the stores were having such problems. They didn't order 1,000 products next week. We just lost our sales for, really, several weeks for many of us at various points. I think other factors that deserve you to either roll our license back or give us our money back, especially, we do deserve a one-year refund, is you - not you personally but the LCB - continued to license people even though 125 stores are still in moratorium.

The consequences of all you do have real impact on people. For Tom and I, it means that we plan on staying in this business 'til 2021 and we're pushing 70. Our doctor is having a fit and he looks at me directly and says, "If you continue with this, you are endangering your health. You may kill your husband

with stress." And the problem is, he knows there's stress on the market. He knows a lot of farmers. We're all struggling. He says our problem personally is we aren't the age of most of the farmers out there. We're their parents' age, rather. So we're all pushing 70. A lot of people are 50 and 40, and this shouldn't happen. You've made "willy nilly" decisions, again, not you personally.

We have Palouse Farms, our licenses, our strain, our Palouse strain that I can get in any store who would like us because we're that well known. It's a consistent solid plant. And yet we're walking away from something that should be a great industry. I never know what train is coming around the track the next day. It's going to run me over. And I really feel that I'm not the only one in this room who goes through more stress after 35 years of leading nonprofits, my husband in construction. This is a nightmare. And we need you as our partners. So please look at my letter. I'm resubmitting another one to them. But please, you're impacting people's lives who really try. Thank you.

Tom Barlow – Palouse Farms

She said it.

Linda Thompson - GSSA

Thank you. Again, Linda Thompson, Greater Spokane Substance Abuse Council and Washington Association for Substance Abuse and Violence Prevention.

I appreciate what Toni just said about the system. We want this system to work. And we want the folks that are getting their marijuana products at retailers, which are provided by the growers and processors in the manner that sticks with the rules with the program. But it is new and it is something that we're all still working through and appreciate that many of the providers and retailers have advocated for prevention as part of what it was for the Initiative 502. I think it's very important that you're aware that, for example, the Youth Marijuana Prevention Education Program, which is through the Department of Health, was supposed to get up to ten percent of the excise tax dollars to help with prevention. They're getting 2.8 percent, which means for six a six-county region we get \$250,000, which to my organization, a nonprofit for community education, gets \$12,000 to cover six counties for a year. That was not the intent of the balance of prevention, treatment, and the system working together to make this system work.

I'm asking that you advocate with your other departments at this state. I know you are advocates for prevention but we really need your help to make sure that the dollars come to the communities to help with raising awareness and making sure people know, again, we want this system to work. We don't want our kids being given marijuana. We have a number of parents who are saying, "Well, just like alcohol, I want my kids to drink at home rather than go somewhere else." And now they're providing them with marijuana products because they don't realize that some of the studies aren't complete yet or know, as it was stated earlier, but we know that it is harmful for a young person. Their brain is growing until age 25. We want to make sure that education is out because we want our healthy young people to grow up and be productive citizens. So, I'm just asking that you support, whenever you can, and speak up for prevention and how we can all work together to make this system work. Thank you.

Chair Rushford: Thank you, Linda.

Matt Kopelman – Sourface LLC

Chair Rushford called for Matt Kopelman to testify. He was no longer present.

John Hancock - Citizen

Mr. Hancock stated he was a private citizen and not a business owner.

Mr. Hancock: I would just like to talk a little bit about policy and ideas. When this referendum passed, I believe that the people who voted for it had in mind easier, legal access to this product. And the work that you have to do, the three of you, are sort of a narrow lane from restrictions of all sorts. I encourage you to keep in mind the other side of the picture of your work to guarantee legal access to people in Washington.

As the restrictions and the clamps get tighter and tighter and tighter and tighter on the industry, that means the access of the voters and the citizens of guys like me get narrower and narrower and narrower. I don't think that was the intent of the referendum when it began. So I ask that in the work that you do, you balance this question of easy and nonjudgmental access by the users of this product with all these restrictions for all the different reasons. I think part of these restrictions have always had hidden agendas and I think the history of this herb in America has all sorts of dogma that comes from all sorts of industries for which this product is a threat. Your analysis of the threat of all of these different philosophies, dogmas and ideologies have to be balanced with the reality of this as a plant, an herb, and thousands of years of what we now call medicinal use. I think it's been troublesome because it's distinctive. The fear of its trouble is now getting in the way of what I think are great opportunities for the medicinal use of this product.

In the language in the interim policy about labeling and impacts of health, I think let the buyer beware is a theory that I would use rather than simply say these effects have not been proven in the traditional way. That doesn't mean that they're wrong, it doesn't mean that they're baseless, it doesn't mean that they're false, it doesn't mean that they're exaggerated. But the world and America has contrived to prevent the sort of research that would allow these claims to actually be proven. You're on the front lines of having to figure this out. The leadership positions that you're in I think are an invitation for you to think more broadly than just the narrow definition that the FDA and even perhaps the legislature. I'm not familiar with all the ins and outs of the legislation, but you're in a position to think broadly on behalf of the voters not just on behalf of the regulations. And I just invite you to do that. Thank you.

Chair Rushford: Thank you, John.

Dave Varshock – Acme Diesel Cannabis

Good morning. I'm Dave Varshock from Grant County, I represent four tier three licenses operating under the Acme Diesel brand. First of all, thank you very much for coming to the Spokane area. I'd like to encourage you to do this at least once a year to give these folks local access to the people who create our rules and regulations. I really appreciate that.

Before I bring up my topic, I'd like to support the speakers that spoke before me regarding therapy to use verbiage and what we're required to put on our packaging, the increase in fees has become burdensome to us all especially when you talk about an operation who's running four tier three licenses. The dedication of funds for preventing this from getting into the hands of people that shouldn't get into, especially our kids, is very important. Those funds were promised to be set aside and they need to be set aside. We don't need our kids doing this. This is an adult game, let's keep it that way. And, the access to the legal product that the previous speaker spoke about, that's critical. That was the intent of the voters. Don't make it too hard for people to get. We don't want to bring back shaming. It carried a stigma for a long time we're trying to get rid of. Coming from somebody who's got a mom with MS who uses it medicinally and PTSD combat vet myself, it's real.

My point today is, I don't remember the WAC code, I'm sorry, but it regards soil, the things that we use, the things that we throw away like the waste products from our plants. I had a worm farm for a long time and I'm very good at composting. A way to reclaim a lot of cost that we farmers experience as well as the waste that we contribute into the system would be to allow us to compost and reuse those materials and grow with them again. It says in the WAC code that they have to be commercially available for us to be able to use them legally on our farm. I'd like to see that changed and I'd also like to offer my assistance if you need any guidance on that about the composting, the reusing and especially vermicomposting of those products. But mostly, thanks for coming over this way. We really appreciate it. Thank you.

Chair Rushford: Thank you very much.

Stephanie Lamb – Blue Roots Cannabis

My name's Stephanie Lamb. I'm with Blue Roots Cannabis out of Airway Heights, Washington. We are a tier three producer/processor. The first issue that I want to address was what Mark previously from Wicked Weed had mentioned about strains that have names that are commonly associated with alcoholic beverages. My understanding, my interpretation of that rule was that it was more focused towards infused beverages, things that have mimosa name but aren't infused with alcohol or infused with cannabis. There's a lot of strains out there that do have names that are bar names as well. Pink Panties. That's a drink. I can go and I can order that. That's also a strain of cannabis. Champagne, Champagne Kush. Those are strains of cannabis, but they're also a drink. There's not ever really going to be any confusion between a flower and a drink. And so our issue with that is, is it safe to keep those as long as they're flower? Was the intent that it was for infused beverages and food items or does that really span across the entire I-502? And not just something that -- we've reached out a few times and haven't been able to get any sort of clarification on.

The second one, I started as a Blue Root's chef. MIE's really account for eight to ten percent of the entire I-502 market. We're a very misunderstood part of the market, as you can see up there. I mean, there's so many things. R&D'ing within the space is so difficult because if I have something approved one day, it can be taken away from me the next day. And so what I would like to see happen, and I know that there's been mention of it before, is some sort of MIE advisory board made up of food safety officials, made up of people who have experience from other parts of the food industry before they came into the cannabis space. I would love to do an infused ice cream, something like that. But because it is more difficult than a list of approved things, it's not anything that there's even really been conversations about. In passing, maybe, but for us to be able to move forward and provide other options in a very narrow space, it would be nice.

We need to have more open -- I felt like I got blindsided by some of these when they were first -- and that's why we reevaluated and that's why there's revisions of this, revisions of that, because we did open a conversation. But we need a better way to continue that openly because a lot of the people that I talked to at the LCB have no idea what I do. I "magic" the weed into food. You know, we've come a long way from canna-butter. There's so many different things that you can infuse to infuse other products. And, there is disconnect between the understanding of the processes and government officials that don't partake. I would love to explain more but we need to have an open conversation. So that's all. Thank you.

Chair Rushford: Thank you very much.

Crystal Oliver – WSIA

First, I want to thank you for making the journey over here to Spokane. I know it's a long one because I go back and forth to Olympia pretty frequently and it is not a quick drive. So thank you very much for coming here and allowing us to interface with you in person over here in Spokane.

I also wanted to offer a thank you for making an effective date of January 1, 2020 for all of these new changes. I can say that a lot of us have been dealing with a lot of regulatory uncertainty for a very long time. This last Christmas season was really stressful with all the different guidance documents and policy documents that were coming out and trying to figure out when and what was going to be affected. There was pretty wide-spread confusion between producers, processors, and retailers with some retailers turning away product from processors where the packaging was compliant but the retailer wasn't sure what the regulations were at the time. I would say maybe we can look at how these changes were rolled out and look at improving upon that process.

I also would really like to see the LCB come up with some checklist that they can provide to the licensees to help us to be compliant. The Department of Labor and Industry does a really good job of putting together checklists. So you know, their compliance officers have a checklist in their hand and the business owner has a checklist in their hand and we're both operating from the same page. I think the reality is that you can read through the WAC, and I do, but most people, including your enforcement officers as well as our business owners don't have the aptitude to know every single line of WAC. So if we could come up with some checklists so that we both are working from the same page I think that would be immensely helpful for the licensees.

I also wanted to say that I do have one concern about some of the new packaging and labeling. I did receive a response yesterday from your packaging and labeling department that said that the new Washington State Department of Agriculture logo for their organic certification is not excluded from that limit on accent colors. So, to get real wonky on you, our logo is excluded from the accent color limit on the marijuana edibles but the logos for, say, certified clean, green or organic certification or salmon safe are not excluded. I think that is another modification that needs to be made to this set of regulations surrounding our packaging and labeling.

And then, I also just want to thank you. I read some of the minutes from recent meetings where you discussed wanting to work more with the small business owners and reevaluate some of the regulations and look at modifying some of these regulations that are, cumbersome and create inefficiencies in our operations without providing a net value of public safety. I'm really looking forward to your reorganization this year over 2019 and hopefully seeing some changes to the regulations that make life easier for the licensees because we have worked so hard and we've been at this for five years and have dealt with such a high level of regulatory uncertainty. And, we are continuing to see fee increases and continuing to see more regulations. It would be really nice if we could actually take a hard look at improving some of these regulations and allowing our businesses to be more efficient. That's really all I had to say today. Thank you for coming and thank you for your work.

Steve Walser – Buddy Boy Farms

Well, good morning and thank you again for coming out our way, even on a snowy day. I want to give you a little background. I've been a farmer for 45 years so I'm used to the commodity cycle. I grow hay, grain, potatoes, corn, lots of fruits, vegetables, and now cannabis over the last four years. So, I don't have stars in my eyes about what to expect. But, I've got to say that the original sin, and you can hear from the

farmers, a lot of people are suffering. A lot of people have gone broke. People have invested their life savings in this industry based on what was promised to them.

One of the things that was promised to them originally, and the original sin of the Liquor Control Board, was blowing past that two million square foot canopy limit. When I got into this, one of the reasons I got into it, I thought, "Okay, they're going to be careful about this. They're not going to want to see diversion. They're not going to want to see overproduction. The Liquor Control Board will be very careful about inching up to that two million square feet canopy limit and seeing how that works out." Man, was I wrong. I mean, you guys blew past that like nothing. And what are we now? Licensed to 10, 12, 14 million? I don't think anybody even knows how many square feet of canopy there potentially are out there. It has severely impacted prices for the farmers.

Now, I'm a pretty good farmer. I've been doing it a long time. I've been able to stay ahead of the curve but it's a struggle. One of the things that I think you should consider to help the farmers and put things on a more level playing field, there is a vast disparity in power between the small number of stores, relatively small number of stores, that have been licensed and the number of farmers that have been licensed. We also have a winery on our farm. I'm a real believer in value of our products. We grow all of our own fruit. We turn it into wine and we've just started a tasting room offsite. We have a tasting room on our farm. I think you should consider allowing farmers to have tasting rooms. You know, on a winery we can have three tasting rooms around the state. They don't have to be on the farm. We can sell our wares as well as other farmer's wares in those tasting rooms. We can have a little food. It give us a way to expose ourselves to the public and get the retail price. I don't know why the Liquor Control Board could not implement something like that, like they do with wineries, for cannabis growers.

I understand the reservations that everybody had going into this industry four or five years ago. Times are different. We all are a lot more comfortable with this thing. I've got to say, one of the pleasures of being in the wine business is the Liquor Control Board agents that come by are so helpful, so useful. And they're not armed. They're just people that come in. It's not like agents coming onto my cannabis farm that are in flak jackets and armed. I mean, there's no need for that. You know, we're not dangerous people.

Those are the two things I would like to see you consider. One, getting your agents to just mellow a little bit. I mean, they're not bad people. They're fine. They're helpful. But it puts a little bit of a scare into people when we've had six of them come in, all in flak jackets, all armed. That's a little intimidating when you're just out on your farm doing your thing. And allowing vertical integration. People of this state voted for liquor to remove the restrictions and allow it to be sold anyplace that met the regulations. They would obviously approve of that with cannabis as well, I believe. And I see no reason why anybody that wants to get a license to sell cannabis retail shouldn't be able to get one. Regulate it the same way and make sure they follow the rules. That's fine. But why should we be restricted to a few hundred stores around the state when we've got 1,200 growers. Thank you for your time.

Joe Ramell – New Day Cannabis

Hi, I'm Joe Ramell with New Day Cannabis and also here representing the Cannabis Observer. Thanks for coming to Spokane. It's great to be able to see our government in action here.

I have two comments on a couple of different issues. Jane, we've talked and you know that one of my issues is on the therapeutic effects subject. You've received comments from all the major associations, CORE, WACA, The Cannabis Alliance and others expressing their concerns over these restrictions. Patients need a compliant product on the shelves and we're attempting to get back to that. We were in

the medical marijuana business back in 2016 and because it kind of failed, we pulled out of it. Several others now are attempting as pesticide testing prices are coming down and things of that nature. Even though we need to work on the regulations on those things, it's been coming to a point where we can start putting products back on the shelf.

They also need accurate product information. I think we need to look and see if there isn't some middle ground between the verbiage from 08 and what we could get to that provides that protection. We don't want to go out and tell people this is going to cure cancer or anything else, but we'd like to be able to say "This may help you with insomnia", "may", "might", those kind of things. It's going to restrict our ability to provide that information as a grower. As that leaks over into what the medical marijuana people in the stores can say and everything else, it really handcuffs us, especially for those customers that are just experiencing medical marijuana for the first time, and in my age group. They go in and they want to have accurate information. They're already fearful just being in a marijuana store. They're fearful of not getting the right product and this is happening all over. So, I would encourage you, and we're making ourselves available to work with you and the Department of Health, to come up with some language that is meaningful but fairer.

The other comment I have is on the overall packaging revisions. I thoroughly applaud your efforts to protect our children but I've had this conversation before. Just keep in mind that at some point, you hit the line where it becomes a parenting issue. You don't leave your alcohol on the kitchen table. You don't leave your gun on the kitchen table. And you shouldn't leave your marijuana on the kitchen table. And by the way, pets are affected also. So thank you.

Kevin Oliver - NORML

Thank you for being here. My name is Kevin Oliver. I represent the National Organization for the Reform for Marijuana Laws. I'm on the national board of directors and I'm the executive director of state chapter. I believe you know my associate, Bailey Hirschberg.

I went back and forth about whether or not I wanted to say anything - it must be the weed. I couldn't make up my mind. I want to echo a lot of people. Thank you for coming over here, it's a long drive. My wife, she mentioned we do it a lot, go back and forth to Olympia, Seattle, D.C., California, wherever we're needed. And also echo John Hancock, if that's your real name. This initiative was by and for the consumers. And I know that through the first iteration of the Board, and now this iteration of the Board, I got to know Chris and Joanne and Karen pretty well. And then, I don't know you guys as well, that's why Bailey is making some head roads. Again, this is for the consumers.

That's why in 2008, when Alison Holcomb approached us at a conference in San Francisco and the New Approach Washington Alliance was formed. This became a civil rights issue. I understand that you've been advised by professional lobbyists who had a dozen years in the alcohol lobby here in Washington, WACA. A lot of the regulations seem to, by intent or not, favor the top revenue producers in the state. That wasn't actually the intent of the initiative. You have the opportunity and perhaps the moral charge to lead the nation still in the reform of marijuana laws for and by consumers. You can do that with a sense of compassion and it doesn't always have to be about the money.

I appreciate that this is kind of a part time gig for you. While I'm disappointed with the tepid response to the efforts we put in last year towards your recommending a home grow allowance for Washington, I do want to say that it's hard to get anything right the first time, especially if you've never done it before. So, I really want to thank you. I know you get a lot of grief all the time. It's like all the news you hear is bad news. But you know, from a national perspective, which, you know, I do have the charts to advise on,

you're really doing a good job. If you can keep the point in mind that this is for the consumers and not for the industry per say, I think everybody will be happy and that includes access for patients.

One of the major mantras of our most professional lobbyists in the marijuana space, whether it's in regards to out of state ownership, out of state financing, whether they lobby you or the legislature, has always been "every other state is doing it and people are doing it anyway". I want to reiterate that "every other state has allowed it and everyone is doing it anyway" in terms of adult use homegrown. I just wanted to make that point perfectly clear. But, thank you again for everything you've done, and I look forward to hearing more from Bailey about how things are going in Olympia.

Chair Rushford: Thank you, Kevin. Thank you everyone for your comments and for being here today. We, the Board recognize that we're in the midst of complexities around all the work that we do. We value greatly the voices of licensees and others that contribute to our work. So please, if you can't join us for a meeting, tune in. We have GoToWebinar when we're in Olympia and we also welcome your written comments so you don't have to be physically at our meetings to participate.


Thank you again, we are adjourned.

ADJOURN

Chair Rushford adjourned the meeting at 11:04 am.

Minutes approved this 23 day of JANUARY, 2019


Jane Rushford
Board Chair


Ollie Garrett
Board Member

NOT PRESENT
Russ Hauge
Board Member

Minutes prepared by: Dustin Dickson, Executive Assistant to the Board

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