



Washington State Liquor and Cannabis Board Meeting Special Board Meeting

Friday, March 27, 2020, 1:00 pm

This meeting was convened via conference call

Meeting Minutes

1. CALL TO ORDER

Chair Jane Rushford (by phone) called the special meeting of the Washington State Liquor and Cannabis Board to order at 1:00 pm on Friday, March 27, 2020. Member Ollie Garrett and Member Russ Hauge also participated by phone.

Chair Rushford: Thank you very much. Good afternoon and welcome to our special Board meeting. In this unprecedented time, we at LCB hope that our stakeholders and licensees and their families are safe and well. Thank you for your contributions to keeping our communities safe. The Board also wants to thank LCB leadership and staff for their agility, creativity, and overall responsiveness during this demanding time. Incredible work for which the Board is extremely grateful. We'll move now to our agenda and the first item, Kathy with the rulemaking update.

2. CANNABIS RELATED RULEMAKING AND TIMELINES

ACTION ITEMS (A-B)

ACTION ITEM 2A - Board Withdrawal of CR 102 for QC Testing

Kathy Hoffman, Policy and Rules Coordinator, began the briefing with materials (HANDOUT 2A 1).

Ms. Hoffman: Thank you, Chair Rushford. I'll go ahead and start with matters related to marijuana rules.

The first item I have for you is to request withdrawal of the CR 102 for marijuana quality control rules. As you recall, we continued the hearing on this rule project during Board caucus on March 10. The public hearing had originally been scheduled for March 18, but we rescheduled to April 1 in response to the then emerging COVID-19 pandemic. As a result of our state's response to COVID-19 and Governor Inslee's "Stay Home, Stay Healthy" Proclamation, we are currently unable to host an in-person public hearing on April 1. We are actively exploring virtual options for public hearing and engagement moving forward.

Our intention is to file a new CR 102 regarding marijuana quality control rules in the very near future once those engagement options become available and are fully functional. To be clear, the only change in the new CR 102 will be the hearing date and potentially the forum for the public hearing. This withdrawal

merely puts this project on pause until venue and method for holding a public hearing are solidified. The substance of the rule proposal will not change other than the implementation timeline. So, I ask for your approval to file this withdrawal with the code reviser today.

Chair Rushford: Is there a motion?

MOTION: Member Hauge moved to withdraw the CR 102 for QC Testing

SECOND: Member Garrett seconded.

ACTION: Motion passed unanimously.

Ms. Hoffman: Thank you, Board.

ACTION ITEM 2B - Board Adoption of Emergency rule (CR 103E) regarding WAC 314-55-092 – Failure to pay excise taxes and late payment of excise taxes

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

Ms. Hoffman: Next, I'd like to request your approval to file an emergency rule that will provide temporary relief from excise tax penalties to marijuana licensees who are affected by Governor Inslee's Proclamation 20-13 that impose, among other things, limits on food and beverage services and areas of congregation.

This emergency rule has three elements:

- It provides a waiver retroactive to February 29, 2020, of penalties for failure to pay for late payment of excise taxes that become due while Governor's Proclamation 20-13 is in effect,
- It supports the ability of businesses to adjust to the COVID-19 outbreak, and
- It reduces economic hardships suffered by these business during the temporary suspension of business consistent with the Governor's Proclamation.

This rule does not relieve any LCB licensee from its statutory obligation to remit taxes to the LCB. So, I ask for your approval to file this emergency amendment to WAC 314-55-092 with the code reviser today.

MOTION: Member Garrett moved to adopt the emergency rule (CR 103E) regarding WAC 314-55-092 – Failure to pay excise taxes and late payment of excise taxes

SECOND: Member Hauge seconded.

ACTION: Motion passed unanimously.

Ms. Hoffman: Thank you very much

3. ALCOHOL RELATED RULEMAKING AND TIMELINES

ACTION ITEMS (A-D)

Kathy Hoffman, Policy and Rules Coordinator, began the briefing with materials (HANDOUTS 3A 1-4, 3B 1-4, 3C 1-4 and 3D 1-4).

Ms. Hoffman: The next four emergency rules pertain to liquor licensees. Each of these, as with the marijuana emergency rules, provides relief to our liquor licensees who have also been affected by Governor Inslee's Proclamation 20-13 with respect to food and beverage services and areas of congregation. And like the marijuana emergency rules, these also have three prongs:

- They provide a waiver retroactive to February 29, 2020, for penalty for fees that become due while the proclamation is in effect,
- Support the ability of businesses to adjust to the COVID-19 outbreak, and
- Reduce economic hardship suffered by these businesses during this time.

Again, these rules do not relieve any LCB licensee from their statutory authority to remit taxes to the LCB. So, I ask for your approval to file these emergency amendments to WAC:

- 314-02-109, pertaining to spirits retailers,
- 314-19-020, pertaining to microbreweries, domestic breweries, beer distributors, wineries and wine distributors,
- 314-28-080, pertaining to distilleries, and
- 314-23-022, spirits distributors.

Chair Rushford: Any questions from the Board?

Member Hauge: No.

MOTION: Member Hauge moved to adopt the emergency rules regarding 314-02-109, 314-19-020, 314-28-080, and 314-23-022.

SECOND: Member Garrett seconded.

ACTION: Motion passed unanimously.

Chair Rushford: Thank you both and thank you, Kathy.

Ms. Hoffman: Thank you and if I may, I'd like to provide a very brief rules project update that includes marijuana, vapor, and liquor rules beginning with marijuana.

Chair Rushford: Yes, please.

Ms. Hoffman: We will file an updated CR 102 in the coming months. I'm anticipating April, assuming that we're able to move forward by then.

Marijuana voluntary compliance program - we are exploring options, as I mentioned before, for stakeholder engagement in the coming months so that we can facilitate "listen and learn" forums like we had scheduled before this pandemic hit our state.

The same is true of our true party of interest rules, assuming that we can put those together I'd like to move forward with CR 102 as soon as is reasonably possible.

This is also true for our tier one expansion rule project. We are still in the CR 101 phase there and continue to explore stakeholder engagement options.

There's legislative implementation and planning going on with respect to THC vapor products, legislation that was recently signed by Governor Inslee.

We also have three emergency rules related to THC vapor products and Vitamin E Acetate that may be influenced by that work. Those emergency rules are set to expire on May 5 of this year.

Any questions on those before I move to the liquor rules?

Member Garrett: No questions from Ollie.

Member Hauge: No questions.

Chair Rushford: No questions, Kathy.

Ms. Hoffman: Thank you. Alright, moving on to liquor rules with respect to distilleries and alternating proprietorships. We've received input from industry members that will be considered moving forward. There was also legislation recently passed that will be incorporated into the draft and forwarded as part of a CR 102 that we're planning on filing in late spring or early summer this year.

Also, 2019 legislation pertaining to student tasting and permits chapter review. Revision work will be resumed on this project in the coming weeks and we're looking forward to filing a CR 102 in late spring or early summer.

With respect to special occasion license chapter review, CR 102 on that project was filed on November 13, and a hearing was held. Based on comments from industry members, we're moving to a supplemental CR 102 that we anticipate filing in late April with the hearing date dependent on how our hearing process works in the future. That original CR 102 filed on November 13 expires on May 15, so we'll need to move on that in the next month.

Then finally, the breweries and wineries rules, at this time we're considering withdrawing the CR 101 on that project and splitting those two bodies of work into two separate rule projects - a CR 101 for breweries and a CR 101 for wineries. Do you have any questions?

Member Garrett: No questions.

Member Hauge: No questions.

Chair Rushford: No, thank you, Kathy.

Ms. Hoffman: Thank you very much, Board.

Chair Rushford: And Kathy, if anyone has questions following today's Board meeting and they don't find that answer in the information we have available, may they contact you?

Ms. Hoffman: Yes, they may.

Chair Rushford: Your email is available on our webpage, I believe?

Ms. Hoffman: Yes, it is.

Chair Rushford: This completes new orders of the day unless there's something additionally, Kathy, that I've overlooked?

Ms. Hoffman: Not to my knowledge, Chair Rushford.

Chair Rushford: Anything else from the Board?

Member Garrett: Not from me.

Member Hauge: No, thank you.

Chair Rushford: Before we close, I want to extend a special appreciation for today's meeting to Dustin and Kathy. They have also gone the extra mile to make this meeting possible. We'll all be relieved when we can be together again. Until then, take care and be well. We are adjourned.

ADJOURN

Chair Rushford adjourned the meeting at 1:12 pm.

Minutes approved this 6 day of April, 2020.



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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