



Washington State Liquor and Cannabis Board Meeting

Wednesday, September 2, 2020, 10:00am
This Meeting Was Held Via Conference Call

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 am on Wednesday, September 2, 2020. Member Ollie Garrett and Member Russ Hauge were also present.

2. APPROVAL OF MEETING MINUTES

MOTION: Member Hauge moved to approve the August 5, 2020, Board meeting minutes.

SECOND: Member Garrett seconded.

ACTION: Motion passed unanimously.

3. ALCOHOL RELATED RULEMAKING TIMELINES

Audrey Vasek: Thank you and good morning, Chair Rushford, Board members Hauge and Garrett. Thanks for providing me this opportunity to give an update on the alcohol related rulemaking timelines. There are currently five active alcohol related rulemaking projects.

For the student tastings and permits rule project, a "listen and learn" has been scheduled for this Thursday, tomorrow, September 3, from 1pm to 4pm. Messaging for the "listen and learn" has been sent out via GovDelivery. We encourage all stakeholders, industry partners, and other interested parties to participate and provide feedback at the listen and learn before moving to the CR 102 stage. Following a "listen and learn" session, we tentatively plan to present the CR 102 to the Board on September 30 with a hearing on November 18.

For the distilleries alternating proprietorships rule project, we're in the process of reviewing and developing the draft conceptual rule language. The timeline for filing the CR 102 is still to be determined.

For the special occasion licenses project, the public hearing on the supplemental CR 102 was held on July 8, 2020. We met with staff to analyze and review the comments received and are tentatively planning to present the CR 103 to the board on September 30.

There is also the rule project related to implementation of four alcohol related bills enacted during the 2020 legislative session, including Substitute Senate Bill 6392 related to local wine association licenses, Engrossed Substitute Senate Bill 5006, related to brewery and winery on-premise consumption endorsements, and Engrossed Substitute Senate Bill 6095, related to common carrier licenses, and House Bill 2412, related to domestic brewery and microbrewery licenses and keg registration requirements. For those four bills, project team meetings with staff were held in August to develop draft conceptual rules. A “listen and learn” session to gather public feedback and suggestions is tentatively planned for September 22 and GovDelivery messaging will go out on September 8.

For the rule project related to implementation of Engrossed Second Substitute Senate Bill 5549, related to distillery marketing and sales restrictions also enacted during the 2020 legislative session, the first project team meeting was held on August 20 and it's likely several more project team meetings will be necessary to develop a set of draft conceptual rules. At least two more meetings are planned for September. Once a set of draft conceptual rules is developed, we will hold a “listen and learn” session to gather public feedback and suggestions, tentatively looking at late October. That concludes the alcohol related rulemaking timeline updates. I'm happy to answer any questions and thank you very much for listening.

Chair Rushford: Any questions for Audrey?

Member Hauge: This is Russ. No questions.

Member Garrett: This is Ollie. No questions.

Chair Rushford: Audrey, thank you very much. Excellent update. We'll move now to the cannabis related rulemaking. Casey.

4. CANNABIS RELATED RULEMAKING

TIMELINES

Casey Schaufler: Good morning, Chair Rushford, Board members Garrett and Hauge. Thank you for the opportunity to be here today. A brief survey has been sent to Tier I licensees regarding their business experiences. The survey is designed to gather responses and help us understand challenges from the Tier I licensee perspective. The survey went out on Thursday August 27 and will be open until September 10. When the survey has concluded, we will analyze the results and determine next steps on the Tier I licensing expansion project.

For implementation of House Bill 2826 regarding marijuana vapor products, draft conceptual rules will be discussed at two “listen and learn” sessions. The first “listen and learn” session was held yesterday with over 100 people in virtual attendance. This session covered newly added definitions under WAC 314-55-010 (4) characterizing flavor and (40), terpenes, botanical terpenes, synthetic terpenes, and terpenoids. The second “listen and learn” session is scheduled for September 29 and will cover draft conceptual rules for new proposed section 314-55-550 in WAC along with the discussion of the marijuana vapor products ingredient disclosure form. Communications of meeting materials for the second session will go out no later than September 15.

The status for implementation of Substitute Senate Bill 6206 remains unchanged at this point. An invitation for public comment regarding draft conceptual rules for marijuana business premise certificate of compliance went out on August 10. So far we have received six responses. We have asked for comments by September 4 in order to review and revise the draft for presentation of the CR 102. We anticipate presenting the CR 102 proposal on or after September 30.

Emergency rules adopted on May 27 of this year related to the prohibition on use of vitamin E acetate are approaching their September 24 expiration date. As such, rules staff are preparing emergency rule extensions for the following four emergency rules: WAC 314-55-1065, emergency rule prohibiting the use of vitamin E acetate, WAC 314-55-1055, emergency rule requiring disclosure of THC concentrate ingredients, WAC 314-55-077 (16), emergency rule related to marijuana processors use of vitamin E acetate, and WAC 314-55-079 (12), emergency rule that prohibits the sale of marijuana retailers of products containing vitamin E acetate. These emergency rule extensions will be presented to the Board on September 16. Please let me know if there are any questions. Otherwise, that concludes my updates for today. Thank you.

Chair Rushford: Any questions?

Member Garrett: This is Ollie. No questions.

Member Hauge: This is Russ. No questions. Thanks.

Chair Rushford: Casey, thank you very much. There's been meaningful participation in the "listen and learn" Thank you for your update.

Mr. Schaufler: Thank you. Thank you all very much.

ACTION ITEM (A)

ACTION ITEM 4A - Board Adoption of CR 103 for 314-55-035 – Marijuana True Party of Interest

Kathy Hoffman, Policy and Rules Manager, began the briefing with materials (HANDOUTS 4A 1-5).

Ms. Hoffman: Thank you very much. Before I present the CR 103 for your consideration today, I wanted to provide additional updates on two marijuana rule projects that are currently in play.

The first is the marijuana consultation and education program. Our public hearing is scheduled for September 16. To date, no comments have been received. We do plan on moving forward with the CR 103 for that project on October 14.

Then I'd like to quickly follow-up on the marijuana quality control rules project. We are intending to bring the supplemental CR 102 before you on September 30. That would set a hearing for November 18 with potential adoption sometimes after the first of the year. Any questions before I present the CR 103?

Member Garrett: No.

Member Hauge: No questions.

Chair Rushford: No questions, Kathy. Thank you.

Ms. Hoffman: Thank you very much. This morning I'd like to request your approval to adopt revisions to WAC 314-55-035 regarding marijuana true parties of interest, consistent with the CR 103 package provided for you. As you know, this rule project has been underway since late 2018 and represents the significant protracted and collective effort of a work group representative of our authorizing environment including marijuana business owners, industry association representatives, industry attorneys, and representatives from LCB licensing and enforcement. A "listen and learn" session was held on May 20 to share draft conceptual rules and gather feedback. This session was our first virtual "listen and learn" session and there were over 70 people in attendance. Comments from that session influenced the rule proposals offered to you in the CR 102 package that was approved on June 24. The public hearing for this proposal was held on August 5. Two attendees provided oral testimony at the hearing and these same people offered written comment mirroring their oral testimony. An additional three comments were received for a total of five comments in all. These comments appear in their native form in the concise explanatory statement. After careful review and consideration, the rules offered for adoption today have not changed since the original proposal.

Among other things, these rules modernize language, remove self-abetting requirements, incorporate reference to the relevant amendment of RCW 69.53.95 regarding disclosure agreements and intellectual property, and established a new section of rules to distinguish the requirements for financiers from that of true parties of interest. Our implementation plans for this rule project are described in the CR 103 memo that was offered to support the adoption of these rules. This plan includes a description of how the agency will inform and educate persons who are impacted by these rules, how we will promote and support compliance, and how LCB staff will be trained and informed of these rules. The memo also describes some of the ways that LCB will evaluate the effectiveness of these rules. If adopted today, I will file with the code reviser and these rules will become effective 31 days after filing, or October 3 of this year. May I answer any questions?

Chair Rushford: If no questions, is there a motion?

MOTION: Member Garrett moved to adopt the CR 103 for 314-55-035 – Marijuana True Party of Interest

SECOND: Member Hauge seconded.

ACTION: Motion passed unanimously.

Chair Rushford: So moved. Thank you very much. And thank you to Kathy and the rules team and to our licensees and stakeholders, thank you for your ongoing commitment to this and for participating in the process.

Kathy Hoffman: Thank you very much, Chair Rushford.

5. GENERAL PUBLIC COMMENT

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

Sami Saad – 12 Green

Unfortunately, there are two other people that wanted to join, Black Excellence and other people and they cannot get through. We send in a lot of comment and really say “hi” to all of you, but there is no comment being said. There is no comment. Is a lot of comment being sent.

So we would love -- a lot of people send in comment about the director, he should resign because we've been left behind. And even the bill is not addressing the people who's being taken their license away. My shop is 323 North 105th Street, 12 Green, are being called by the LCB by my middle name, my Muslim name. Why are you calling me by my middle name to withdraw my application? And then I find out somebody else opened a shop, Greenworks right next to me. It's very sad to me. I don't have nobody to represent me and this was done to me by you guys.

I'm Muslim, I am black, I am from Africa. We have our own gathering. We're not being respected. You know, when are you guys going to have us and address this issue? So, I have a shop. I've been in existence and I'm still filing zero every month to the state. So I have a shop, I've been operating a shop, the first shop in Washington. Before anyone. Uncle Ike's and Have a Heart have five or six shops. Why not us? We are people from the community. We have thousands of us. My people are more than 65,000 Washingtonians mixed with the Ethiopian community and the Sudanese community. And this is sad for us. The whole community is pissed off and sad and all this kind of stuff. Protest everywhere. There was a protest by Uncle Ike's. Everybody know that.

The second thing is the bill from 2018, where is that bill? And the LCB director, he should resign because we've been left behind. And we feel we're being -- you guys using other people who look like us. Miss Ollie Garrett, I have much respect for her. She's willing to help. But after that, she told me, “do not call me anymore”. She's being rude to me. I wish this was just a mistake. So, to us, that's what we thought --

The paper product is making people sick. Making people sick. And a lot of products are in the black market. The reason why is not enough shops. We feel this is to us like we've been left behind and there's something not right going on. And we feel like those licensed coming up, who are they being given to? The people who've had their license taken away, not given endorsement? So you're looking for new people? That's what we feel.

And the second thing is, I just emailed the governor. I would love to be with you guys, with the Board. There is nobody to represent us with you guys. And really, unfortunately, I'm ashamed what happened to the people in the past, people of color. No Muslim person in this field, I am the only one, and you guys pushed me away. Our comment is not being addressed. And they say there is no comment. A lot of comments we've been sending to you guys. Is a negative comment is not sent or cannot be appealed or cannot be addressed? So, paper product is making people sick. It needs to stop.

Dustin Dickson: Mr. Saad, you have 30 seconds.

Mr. Saad: -- needs to stop. You've been using this one for years for medicine. If anything added to it, it makes people sick. It needs to stop. People coming from out of town have a license here in Washington. Respect the people that already have a shop. And I would love to attend any meeting and to have update for the licensing as well. And Black Excellence, they are on the line. They have to connect with my password.

Mr. Dickson: Mr. Saad, that is your time.

Chair Rushford: We'll move now to Amanda Duggar. Thank you for joining us today, Amanda.

Amanda Dugger – Greater Spokane Substance Abuse Council (GSSAC)

I'm Amanda Duggar with the Greater Spokane Substance Abuse Counsel in the Spokane Valley, a part of the prevention voices. I have been in recovery for 15 years. I actually lost my mother 12 years ago from a drug overdose. Since this pandemic, I've had a hard time with my own sobriety and I know many have also as well.

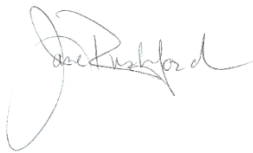
I am here to talk to you about the curbside pickup policy. I'm just stressing to all of you to please think about those who are struggling with addiction when it comes to the curbside pickup and if you plan on keeping that a permanent policy. I have been in prevention for the last five years and my goal and my passion is prevention. I have been doing a lot of work with not only youth but with adults in our community with prevention of marijuana, alcohol, tobacco, vaping, and other substances. So, I just wanted to come on here today and talk to you about that policy and to think about those during this pandemic that are staying home that are having a hard time with not only anxiety but depression and knowing that they have that opportunity to go pick up alcohol and marijuana and go sit at home. I just stress to you to think about those that are in that predicament during this pandemic. I really appreciate you guys' time and I thank you for letting me talk.

Chair Rushford: We appreciate your time today. This completes the orders of the day, so we are now adjourned. Thank you everyone for joining us.

ADJOURN

Chair Rushford adjourned the meeting at 10:21am.

Minutes approved this 30th day of September, 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.

*Complete meeting packets are available online: http://lcb.wa.gov/boardmeetings/board_meetings
For questions about agendas or meeting materials you may email dustin.dickson@lcb.wa.gov or call 360.664.1717*