



## Washington State Liquor and Cannabis Board Meeting

Wednesday, September 16, 2020, 10:00 a.m.  
*This Meeting Was Held Via Conference Call*

### Meeting Minutes

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#### 1. CALL TO ORDER

Chair Jane Rushford called the regular meeting of the Washington State Liquor and Cannabis Board to order at 10:00am on Wednesday, September 16, 2020. Member Ollie Garrett was present. Member Russ Hauge was excused.

Chair Rushford: Good morning, everyone. Welcome to the September 16, 2020 Board meeting. Before we can begin, the Board would like to recognize the demands on our licensees, employees, their families and everyone in this demanding wildfire season. We hope that you are out of harm's way. We have extreme gratitude for DNR and the other wildfire fighting efforts. With that, we will move to the consideration of the September 2 meeting minutes.

#### 2. APPROVAL OF MEETING MINUTES

MOTION: Member Garrett moved to approve the September 2, 2020, Board meeting minutes.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

#### 3. ALCOHOL RELATED RULEMAKING TIMELINES

Audrey Vasek: Good morning, Chair Rushford and Board Member Garrett. Thank you for providing me with the opportunity to give an update on the alcohol related rulemaking timelines. There are currently five open alcohol related rulemaking projects.

For the student tastings and permits rules project, a virtual "listen and learn" session was held on September 3. Feedback received during the listen and learn session has been analyzed and reviewed with staff. Based on that feedback we plan to make minor changes to the conceptual draft rules and present the CR 102 to the Board for approval on September 30.

For the special occasion licenses project, the public hearing on the supplemental CR 102 was held on July 8, 2020. The comments received have been analyzed and reviewed the staff and we are planning to present the CR 103 for that project to the Board on September 30, as well.

For the distilleries alternating proprietorships rule project, we're in the process of reviewing and developing the conceptual draft rules with staff and the timeline for filing the CR 102 is not yet determined.

For the rule project related to implementation of Engrossed Second Substitute Senate Bill 5549, the distillery marketing and sales bill, we are working with staff to develop conceptual draft rules. Due to the complexity of this project, several more internal project team meetings will likely be necessary before a set of draft rules is developed. Once those are developed, we plan to gather public feedback in suggestions tentatively in late October, either through a virtual "listen and learn" forum or by offering the conceptual draft rule language for stakeholder feedback through GovDelivery.

The rule project related to implementation of four alcohol related 2020 bills, not including 5549, includes the Local Wine Association license bill, the brewery winery on premise consumption endorsement bill, the common carrier license bill, and the domestic brewery and microbrewery licenses and keg registration requirements bill. For those four bills, conceptual draft rules have been developed after several internal project team meetings with staff. The conceptual draft rule language has been offered for stakeholder feedback through GovDelivery with a three week response time. The GovDelivery messaging was sent out yesterday morning to the rulemaking notices and alcohol subscribers lists. Stakeholders will have until October 6 to review the language and provide feedback. In fact, we've already started to receive some responses and are tracking them in a public feedback spreadsheet. We tentatively plan to present the CR 102 to the Board for approval on October 28. That concludes the alcohol related rulemaking timeline updates. Thank you very much for listening. I'm happy to answer any questions.

Chair Rushford: Any Questions, Ollie?

Member Garrett: I have no questions.

Chair Rushford: Thank you. I want to acknowledge and appreciate the significant progress we're making an alcohol rulemaking and also appreciate the stakeholder engagement. Thank you, Audrey. We'll move now to cannabis related rulemaking. Casey.

#### **4. CANNABIS RELATED RULEMAKING AND TIMELINES**

##### **TIMELINES**

Casey Schaufler: Good morning Chair Rushford and Board Member Garrett. Thank you for the opportunity to be here today. I have a number of timeline updates to start.

The marijuana quality control rule project is on track for presentation of a Supplemental CR 102 at the September 30 Board meeting. This will include an amended small business economic impact statement and significant analysis.

With respect to the Tier I expansion rule project, the survey for Tier I licensees regarding their business experiences closed last week on September 10. The survey was designed to gather responses and to help us understand challenges from a Tier I licensee perspective. This survey went out on Thursday

August 27 to 179 recipients. 84 of those recipients completed the survey. Using this survey data along with public comment at the two “listen and learn” sessions will help to inform LCB staff on next steps forward.

The second “listen and learn” session for HB 2826, marijuana vapor products, is scheduled for September 29. It will cover draft conceptual rules for a new proposed section 314-55-550 in WAC, along with discussion of a marijuana vapor products ingredient disclosure form. Communications and meeting materials for the second session will be sent out this week.

Status for implementation of SSB 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. The LCB has received eight responses and we anticipate presenting the CR 102 proposal on or after September 30. And with that, I would like to move on to agenda items 4 alpha through 4 delta.

## **ACTION ITEMS (A-D)**

**ACTION ITEM 4A - Board Extension of Emergency Rules Regarding WAC 314-55-1065 – LCB Vitamin E Acetate Ban**

**ACTION ITEM 4B - Board Extension of Emergency Rules Regarding WAC 314-55-077 – Marijuana Processor License – Privileges, Requirements and Fees**

**ACTION ITEM 4C - Board Extension of Emergency Rules Regarding WAC 314-55-079 – Marijuana Retailer License – Privileges, Requirements and Fees**

**ACTION ITEM 4D - Board Extension of Emergency Rules Regarding WAC 314-55-1055 – Vitamin E Acetate Disclosure Form**

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

Mr. Schaufler: As you may recall, we adopted emergency rules on May 27 of this year to prohibit the use of vitamin E acetate in marijuana vapor products. These emergency rules are now approaching their September 24 expiration date. Today I'm requesting your approval to extend the following four emergency rules: item 4 alpha WAC 314-55-1065 regarding the prohibition of the use of vitamin E acetate, item 4 bravo, WAC 314-55-1055 regarding disclosure of THC concentrate ingredients, item 4 charlie WAC 314-55-077 (16), requiring marijuana processor compliance with the vitamin E acetate prohibition, and item 4 delta WAC 314-55-079 (12) prohibiting of products containing vitamin E acetate by marijuana retailers. These emergency rule extensions are unchanged in substance and content to the rules presented and adopted by the Board on May 27. The rule extensions, if approved, would remain in effect for an additional 120 days from the filing date. I would ask for your approval to extend these emergency rules and file with the code reviser today. That concludes my presentation. Please let me know if there are questions. Thank you.

Chair Rushford: Is there a motion to approve WAC 314-55-1065, 314-55-077, 314-55-079, and 314-55-1055, extending the emergency rules?

MOTION: Member Garrett moved to extend the emergency rules as listed.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

Chair Rushford: Thank you very much, Casey. Any additional questions?

Member Garrett: No questions.

Chair Rushford: Thank you very much. We'll move to the public hearing. Thank you, Kathy.

### **PUBLIC HEARING (E)**

Kathy Hoffman, Policy and Rules Manager began with briefing materials 4E.

Ms. Hoffman: Thank you very much, Chair Rushford and good morning to both you and Board Member Garrett. To provide some background context and frame today's hearing, we began considering revisions to marijuana enforcement guidelines in late 2018. Those efforts were extended by the passage of Engrossed Senate Substitute Bill (ESSB) 5318 during the 2019 regular session of the legislature. So while ESSB 5318 provided direction for enforcement guideline redesign, it also provided an initial framework to perfect and expand existing programs for compliance education offered to marijuana licensees and employees. So specifically, the legislation now codified primarily in RCW 69.50.561 provides the Board may adopt rules on frequency, manner, and method of providing complicated services to licensees. The rules may include the scheduling of those services, as well as the prioritization of requests for services while maintaining the enforcement requirements of chapter 69.50 RCW. All of those elements are embodied in the rule proposal scheduled for hearing today, establishing new section WAC 314-55-013, entitled The Voluntary Marijuana Licensee Consultation and Education Program. These rules were developed in consultation with several marijuana business owners, industry representatives, and others, beginning in November of last year and concluding in February of this year. We held a virtual "listen and learn" session in May of this year, attended by over 70 participants, resulting in a substantial amount of meaningful feedback that's reflected in this proposal. We reviewed those comments over the course of two internal work sessions and those comments are available with the CR 102 package that was filed in August. To date, no written comments have been received on this proposal. Any questions?

Member Garrett: This is Ollie. I have no questions.

Chair Rushford: I don't have any questions and I want to commend you on a very impressive process. We don't have anyone signed up with a public testimony. Dustin, is there a mechanism to see if we missed anyone?

Dustin Dickson: Good morning Chair Rushford and Member Garrett. I do not have anybody that has requested to speak for the public hearing today.

Chair Rushford: Thank you, Dustin. Thank you very much, Kathy.

Ms. Hoffman: Thank you Chair Rushford and just want to reiterate, we still will be accepting comments through our rules inbox through close of business this evening if there are community members, citizens, and others who wish to comment on this proposal. Thank you very much.

## 5. GENERAL PUBLIC COMMENT

Chair Rushford: Appreciate that Kathy, thank you for clarifying. We now move to the general public comments section and we do have some people that would like to speak today. Just as an overview, we allow four minutes per presentation. This isn't an opportunity to interact with you but we very much want to hear your concerns and will take them under advisement if appropriate. You will get a notice at 30 seconds from Dustin and will conclude your comments at four minutes. Please know this isn't in any way indicative of our approval or rejection. We want to stay consistent and fair with everyone. We'll begin today with Tina Morelli.

Mr. Dickson: Good morning, Chair, this is Dustin. Tina Morelli had expressed interest in speaking but has not registered and is not online with us currently.

Chair Rushford: Alright, thank you. We'll move to John Ryan.

Mr. Dickson: Good Morning, Chair, this is Dustin. The same for Mr. Ryan. He expressed interest but is not online with us today.

Chair Rushford: Let me know if they're able to connect. We move now Paula Sardinias. Welcome Paula.

### Paula Sarnidas – No Affiliation Given

Thank you. Good morning, Chair Rushford and good morning Board members. I wanted to just weigh in this morning and talk a little bit about HB 2870 and thank the LCB, the governor's office, the larger community, the Commission for African American Affairs for all of the great work that was done on the social equity bill. We know with COVID it's kind of slowed down the process of some of the work that we wanted to do to make sure that this legislation goes forward. As a commissioner with African American Affairs, we have continued to hear from some of the existing license holders who actually have certificates with regard to how this legislation is going to eventually impact them. Some of the needs are greater than others. And so my comments this morning, definitely understanding section two of the bill and the intent was to fold those people that fit the definition of social equity and that currently have those certificates into the plan and hopefully be able to move those licenses from areas of bans or moratoriums into the social equity plan when we can get that work done. Considering that COVID has slowed down that work, Board and Madam Chair, my comments or my question today in this general section would be - would there be an opportunity to address some of those certificate holders or to have some sort of a reconsideration for some of those folks that might need more immediate relief?

Chair Rushford: As I mentioned at the beginning, Paula, we don't address the issues in this public forum, but I will ask that someone follow up with you.

Ms. Sardinias: I greatly appreciated again, you know, thank you guys for all of the good work that you've been doing to help move this issue forward. We have some concern about some of those certificate holders. But we certainly are here to work with the holders, with the LCB, just to see if there's some alternatives and just to make you guys aware that there is some concern that as we attempt to do this good work and not rush the work, which is right and proper, that it may push some of those people into a year's long holding pattern with those certificates. So, if we could circle back with you and just talk about what options may be available, that would be wonderful. And with that, I close my remarks.

Chair Rushford: Thank you very much, Paula. Angel Swanson.

Angel Swanson – No Affiliation Given

Good morning, Chair Rushford and Member Garrett. I'm sure both of you are well aware, since I am a member of the CAC, my situation, that actually is part of the situation that commissioner Sardinias just expressed. I have been waiting to move my license now for five years. I have done everything and I think that you both can attest to the fact that I have done everything that a human being can possibly do to help move this process for people like me. In the caucus of the Board that I did some three or four years ago with you where we asked for the title certification relief, we also asked for other things which was to be able to move our licenses to areas where we could actually operate. And if you will recall that room at that time and how many members and stakeholders showed up, so many more people of color and women that it was stunning. So, for me, personally, I would like to make a formal request and I'm going to read this into the record, to please consider both my formal letter that I've mailed in and this testimony as a formal request to reassign our allotment allocation for our cannabis title certification licenses from our banned area to an area that will accept us. And we have been in conversation with areas that will take us. We are making this request in the light of the passage of the new equity bill E2SHB 2870. And as a minority business we qualify to participate in the spirit and supports of this bill. As a current certificate holder, we shouldn't need to wait for the task force as is outlined in the bill to be convened. Opening our stores has been years in the making and I do mean years. It has been a long, arduous, and financially debilitating process. And we ask for immediate relief. I close my comments today and I thank you for listening.

Chair Rushford: Thank you for joining us today, Angel. We'll move now to Jason Eaton.

Mr. Dickson: Good morning, Chair. Dustin here. Mr. Eaton had expressed interest but is not online with us today. Mr. Don Ryan has joined us.

Chair Rushford: Thank you. Mr. Ryan. You missed my introduction, which is to clarify that you have four minutes and when there are 30 seconds remaining, you will get a notice of such from Dustin. He will give you a verbal notice and then we will stop at for minutes. It's not indicative of approval or rejection, it's just a way to stay consistent across the various opinions being shared. Welcome. Mr. Ryan, if you're speaking we can't hear you. Dustin?

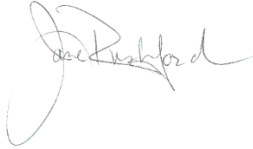
Mr. Dickson: I have Mr. Ryan registered and he is unmuted on our end. We just can't hear him.

Jane Rushford: Okay, I'm so sorry for that. Mr. Ryan, if you can please take time to provide us your comments in writing or we have another Board meeting on September 30. Thank you very much everyone today for your contributions and for being a part of the important work we're doing in all phases of our regulatory environment: alcohol, cannabis, vapor, tobacco. It's always changing and this year has been one we'll never forget. Thank you again and we'll see you in a couple weeks. Adjourned.

**ADJOURN**

Chair Rushford adjourned the meeting at 10:22am.

Minutes approved this 30<sup>th</sup> day of September, 2020.



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Jane Rushford  
Board Chair



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Ollie Garrett  
Board Member

*Not Present for Meeting*

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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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