



Washington State Liquor and Cannabis Board Meeting

Wednesday, December 23, 2020, 10:00am
This Meeting was Convened 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, December 23, 2020. Member Russ Hauge was present, Member Ollie Garrett was excused.

2. APPROVAL OF MEETING MINUTES

MOTION: Member Hauge moved to approve the November 18, 2020, meeting minutes.

SECOND: Chair Rushford seconded.

ACTION: Chair Rushford approved the motion.

3. CANNABIS RELATED RULEMAKING TIMELINES

Casey Schaufler: Good morning Chair Rushford and Board Member Hauge. Thank you for the opportunity to provide brief updates today.

We've received one comment following the CR 102 filing for implementation of House Bill 2826 for cannabis vapor products.

On January 6 I plan on presenting emergency rules pursuant to the State Board of Health adoption a permanent prohibition on the sale of vapor products containing vitamin E acetate. The updated emergency rules for WAC 314-55-077 and 079 will now reference the permanent vitamin E acetate prohibition. These emergency rules will be necessary to reflect the newly enacted permanent prohibition of vitamin E acetate, and until permanent rules can be adopted.

I also anticipate presenting the CR 103 for the implementation of Senate Substitute Bill 6206 for certificate of compliance on January 6.

This concludes my updates for today, please let me know if there are any questions. Thank you.

Chair Rushford: It doesn't sound like there are any questions, Casey. Thank you very much for these important updates. We'll move now to the alcohol related rulemaking and timelines. Audrey.

4. ALCOHOL RELATED RULEMAKING AND TIMELINES

TIMELINES

Audrey Vasek: Thank you. Good morning Chair Rushford and Board Member Hauge.

First, the recently adopted rules for student tastings and permits chapter rules review project which implemented 2019 legislation and updated chapter 314-38 WAC. After the rules were adopted by the Board on December 9, the CR 103 was filed with the Code Reviser's office. A copy of the concise explanatory statement was sent to everyone that provided public comment and was updated to the "recently adopted rules" webpage. The rules will take effect on January 9, 2021.

For the rule project related to the implementation of 2020 legislation, which involves four bills: House Bill 2412 related to brewery keg registration identification requirements, Engrossed Substitute Senate Bill 5006 related to on-premises consumption endorsements for breweries and wineries, Engrossed Substitute Senate Bill 6095 related to interstate common carriers, and Substitute Senate Bill 6392 related to local wine industry associations. The formal comment period for this rule project is open and the public hearing is set for January 6, 2021. No comments have been received since the CR 102 was filed on November 18. I'd like to take this opportunity to encourage anyone who might be listening to submit comments by the January 6 meeting. After the public hearing on January 6, rules could be tentatively be adopted on or after January 20, 2021.

That concludes the alcohol rule updates for today, are there any questions before I move to the action item?

Member Hauge: This is Russ. No questions, thank you.

Chair Rushford: No questions, thank you.

ACTION ITEM (A)

ACTION ITEM 4A - Board Approval of CR 102 for 2020 Legislation Implementation – E2SSB 5549

Audrey Vasek, Policy and Rules Coordinator, began the briefing with materials (HANDOUTS 4A 1-7).

Ms. Vasek: Today I'm requesting approval for the CR 102 package and proposed rules for implementation of 2020 legislation regarding Engrossed Second Substitute Senate Bill 5549 related to distilleries.

For background, this bill modified the privileges and requirements for distillery and craft distillery licenses and established a new off-site tasting room license available to distillery and craft distillery licensees beginning January 1. The bill also authorizes jointly operated off-site tasting rooms and conjoined consumption areas under certain circumstances.

The CR 101 for this rule project was filed on August 5, 2020 and the scope of the project was narrowly tailored to what was necessary to implement the bill. As described in the CR 102 form and memo,

revisions were needed to align existing rule language with the bill and new rules were needed to implement the new license type and privileges created by the bill. To develop conceptual draft rules for this project, a series of collaborative internal project team meetings were held with LBC staff from Licensing, Enforcement and Education, and Finance divisions as well as Public Health and Prevention. For stakeholder engagement, we held a virtual “listen and learn” session on November 17 to gather public feedback and suggestions for revisions to the conceptual draft rules. The “listen and learn” session was open to any interested members of the public and messaging was sent to all GovDelivery subscribers two weeks before the event. The “listen and learn” session lasted just over two hours and at a peak there were over 40 people in attendance. A table containing a summary of the public feedback received during the “listen and learn” session is included as “Attachment A” to the CR 102 memo.

The proposed rules included in the CR 102 package take into consideration the feedback received during the “listen and learn” session and a description of the changes made based on this feedback is described in the CR 102 memo under the section titled “Stakeholder Engagement”.

The CR 102 also includes estimated business cost compliance with the proposed rules for the purpose of the minor cost analysis required by the Regulator Fairness Act in chapter 19.85 RCW.

Timeline

December 23, 2020	Board is asked to approve filing proposed rules (CR 102). CR 102 filed with the Office of the Code Reviser. LCB webpage updated and notice circulated by GovDelivery distribution list. Formal comment period begins.
January 6, 2021	Notice published in the Washington State Register.
February 3, 2021	Public hearing held and formal comment period ends.
No earlier than February 17, 2021	Board is asked to adopt rules if no substantive changes are made (CR 103). Concise Explanatory Statement provided to individuals who offered written or oral comment at the public hearing, and during the formal comment period, consistent with RCW 34.05.325. CR 103 and adopted rules are filed with the Office of the Code Reviser. LCB webpage updated and notice circulated by GovDelivery distribution list.
March 20, 2021	Rules are effective 31 days after filing (unless otherwise specified), consistent with RCW 34.05.380(2).

MOTION: Member Hauge moved to approve the filing of the CR 102 for 2020 Legislation Implementation – E2SSB 5549

SECOND: Chair Rushford seconded.

ACTION: Chair Rushford approved the motion.

Chair Rushford: Thank you very much.

5. GENERAL PUBLIC COMMENT

Chair Rushford: Moving now to the general public comment portion of the agenda, I believe we have one person signed up to testify.

Dustin Dickson: Correct. Sami Saad registered to speak but is not online today. I also received a request this morning from Ammon Ford.

Ammon Ford – Citizen

Good morning and thank you for your patience. I wanted to address the Board quickly this morning regarding marijuana license applications.

My name is Ammon Ford, I am a marijuana attorney with Gleam Law. I'm also a Board member of the Cannabis Alliance. I'm speaking today purely from my individual capacity.

I wanted to make a comment about the licensing procedures that are currently in use. The license applications right now take in time roughly between three to six months depending on what is happening in the licensing application. This timeframe is a great burden on a lot of marijuana licenses. It delays their plans, it slows down their ability to make subtle or aggressive changes in the marketplace and really harms their ability to compete. It's especially difficult for small businesses with smaller market caps and fewer investors – I'm sure you're aware a lot of licensees are single small family businesses.

For instance, I wanted to bring attention to the procedures for assuming a processor license for a current producer licensee. It requires two separate licensing applications that cannot be processed at the same. A licensee would have to apply to the Business Licensing Service (BLS) for the assumption, the BLS would send to the LCB for regulatory review and approval, who then send it back to the BLS who then records the change. That process takes several months. Then separately they have to apply for a change of location if they wish to move that to their current facilities which takes another several months.

I don't begrudge the Licensing department with these delays, purely. This is a very burdensome process and they have a big job to do. I primarily want to make this process more efficient for everyone involved and I think there are a lot of efficiencies that can be found by allowing these applications to be processed more like other applications that are processed through electronic systems, with forms that are designed for these purposes. Right now, using a general business license form for assumption is very confusing for licensees. All the time I get people asking me to help with these applications simply because they didn't know how to fill out the form because we're using a form that wasn't designed for this purpose.

So, as I look at these – and I'll wrap up my comments – it's a waste of LCB and BLS resources as well as licensing resources to have an inefficient process that can be streamlined by working out some of these stop-gap measures that were employed to get a functioning system running early on. I think some clearer forms designed for these purposes and electronic processing –

Mr. Dickson: 30 seconds.

Mr. Ford: --Thank you very much – and some other efficiencies that can be found internally would be a great service to both your own personnel requirements and their workload as well as the licensees.

Thank you very much for the opportunity to address you this morning. I welcome any feedback or any further engagement you would like to have on this going forward.

Chair Rushford: Thank you very much for your comments today. Dustin, anyone additionally?

Mr. Dickson: No, Chair, that is all for this morning.

Chair Rushford: We have completed the orders of the day, Member Hauge do you have anything additionally?

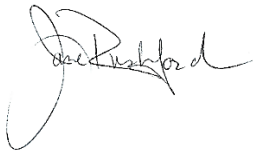
Member Hauge: I do not, Madame Chair, thank you very much. I wish everybody a happy New Year.

Chair Rushford: I'll add to that - enjoy the days ahead and stay safe. Take care, thank you. We are adjourned.

ADJOURN

Chair Rushford adjourned the meeting at 10:14am.

Minutes approved this 6th day of January, 2021



Jane Rushford
Board Chair

Not Present

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