



## Washington State Liquor and Cannabis Board Meeting

Wednesday, August, 2021, 10:00am  
This Meeting was Held Via Web Conference

### Meeting Minutes

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#### 1. CALL TO ORDER

Chair David Postman called the regular meeting of the Washington State Liquor and Cannabis Board to order at 10:00 am on Wednesday, August 4, 2021. Member Ollie Garrett and Member Russ Hauge were also present.

#### 2. APPROVAL OF MEETING MINUTES

MOTION: Member Hauge moved to approve the July 7 and July 21, 2021, Board meeting minutes.

SECOND: Member Garrett seconded.

ACTION: Chair Postman approved the motion.

#### 3. SHOALWATER BAY TRIBE MARIJUANA COMPACT – PRESENTATION AND CONSIDERATION

Chair Postman: I'm going to call on Jim Morgan, the LCB's Chief Financial Officer, to present the new Marijuana Compact with the Shoalwater Bay Tribe. I would also like to say on behalf of the LCB, welcome to Chair Nelson, it's an honor to have you here with us today. I look forward to hearing from you and others very soon. Jim, I'll turn it over to you.

Jim Morgan: Thank you Chair Postman. I'm pleased to be able to present to you today, for your consideration, the Marijuana Compact with the Shoalwater Bay Tribe.

This Compact blazes no new trails and had no significant issues except it is significant in one way and that it took us a very long time to get to this point. So, we're really happy to be able to finish this. The initial request for compacting came from the Tribe in November, 2017. Through a number of changes on our side, the Tribe's side, and stops and starts, it took a while to get here. We're very pleased that we've reached this point, and as I said there isn't anything really significant in the Compact that is different from our previous Compacts, so I'll present this now for your consideration and welcome hearing from the Tribe.

Chair Postman: Welcome, Chair Nelson.

Chair Nelson: Stops and starts aren't bad. The engine is running, and that's always good. I appreciate all you've done; all the work you've done. We're kind of a low-key operation. Sometimes it takes us a while to get things done on our side. So, again, I'd say "maši" – that means "thank you" – to all of you.

Chair Postman: Thank you very much. We'll turn to Member Hague who is the Board's lead on these issues.

Member Hauge: Thank you Chair Postman and thank you Chair Nelson and to Jim too for shepherding this through. As all negotiations from one government to another, this was approached with our best efforts and the end result shows that. I really appreciate the patience of the Tribe and I look forward to us playing our supporting role as they embark on this new adventure in their Tribal businesses.

Chair Postman: I'll second what Member Hauge just said and thank the Chair and the Tribe, as well as Jim and Chris from our team. I guess often times government to government does need a lot of patience and "stick-to-it-ness" and I appreciate that both sides were able to do that and get us here today. With that I'll entertain a motion for approval of the Shoalwater Bay Tribe's Marijuana Compact.

MOTION: Member Hauge moved to approve the Compact between the State of Washington and the Shoalwater Bay Tribe.

SECOND: Member Garrett seconded.

ACTION: Chair Postman approved the motion.

Chair Postman: Thank you both. Again thank you to Chair Nelson, Shoalwater and to Jim. Best of luck.

Chair Nelson: Maši. Government to government I honor, I really like that. It's like we're on a boat and working together to keep everything afloat, everything going as it should go, and that's what I would like to do – everything as it should go.

Chair Postman: Us too. Thank you for joining us today.

Chair Nelson: Maši.

Chair Postman: Thank you again to Jim for stepping in to get this across the line. Much appreciated.

We are going to move on now to cannabis related rulemaking timelines. I'll call on Jeff Kildahl, Policy and Rules Coordinator for the cannabis side of things.

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

Jeff Kildahl: Good morning Chair Postman and Board Members Garrett and Hauge. Here is a brief update on cannabis rules in progress today, for August 4, 2021.

Starting with the cannabis quality control rules, and consistent with our last update, we have completed five internal rule drafting sessions. As we have shared previously, we are finalizing the details of a contract for services to help us draft a small business economic impact statement and we expect to wrap that up next week. We anticipate being able to share draft conceptual rules by the end of the month and schedule “listen and learn” sessions shortly after that.

With respect to criminal history background check redesign, no comments have been received to date on the CR 102 we brought to you for approval on July 7, 2021. The public hearing on the proposed rules is scheduled for August 18, 2021.

With respect to the evaluation of THC compounds rules project, we anticipate draft conceptual rules to be completed by mid-month. We also anticipate a “listen and learn” session to be scheduled late this month or early in September. I’m in the process of putting together all comments from our second “deliberative dialogue” panel as well as the question and answer session in table form as I did for the first “deliberative dialogue”. Under this timeline, we remain on track to present a CR 102 to you on September 29.

This concludes my update for today, may I answer any questions?

Chair Postman: I have a quick one. On the small business economic impact statement, and once we get the economist on board – would that impact statement, does that need to be done in time for the draft rule, or does it trail that work?

Mr. Kildahl: I believe that is has to be prepared by the time that we have the proposed rule for filing with the CR 102.

Chair Postman: And, I believe you said that would be at the end of the month, perhaps?

Mr. Kildahl: It would be completed in time for the filing of the CR 102, which would come after completion of the conceptual draft rules. We would have it for a final proposed rule draft filing of the CR 102.

Chair Postman: Thank you. Any other questions? Seeing none – thank you very much for the update.

Mr. Kildahl: Thank you Chair Postman.

Chair Postman: Have a great day. We’ll move to alcohol relate rulemaking and Audrey Vasek, the Policy and Rules coordinator from that side. Audrey?

## **5. ALCOHOL RELATED RULEMAKING AND TIMELINES**

### **TIMELINES**

Audrey Vasek: Good morning Chair Postman, Board Members Garrett and Hauge. Thank you for having me here today. I have a brief update on the alcohol rulemaking timeline for House Bill (HB) 1480 before getting to the action items on the agenda.

For the project to implement 2021 legislation, HB 1480 related to COVID-19 alcohol allowances, a “listen and learn” session on the conceptual draft rules for the alcohol to-go endorsements is scheduled for tomorrow, Thursday, August 5, from 1:00 to 4:00pm. The “listen and learn” session will be held virtually

via Microsoft Teams and a reminder email was sent out to GovDelivery subscribers earlier this morning. More information about how to participate is also available on our rulemaking webpage and we encourage anyone who is interested in this subject to review the conceptual draft rules and join the session tomorrow and share your feedback with us. We're looking forward to that.

After the "listen and learn" session I will compile the public feedback we've received into a comment table, and the internal rule drafting workgroup will meet to review and consider any revisions that have been suggested.

The internal rule drafting workgroup has also developed conceptual draft rules for the outdoor alcohol service areas and food service requirements, and we're putting the finishing touches on that draft this week. We're preparing for a second "listen and learn" session to be scheduled later in August. We are currently on track to have a CR 102, or rule proposal package, ready the Board to consider in late September.

Are there any questions on HB 1480 rulemaking before I introduce the action items?

Chair Postman: I see none, so go ahead.

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

### **ACTION ITEM 5A - Board Withdrawal of CR 101 for Alternating Proprietorships for Distilleries and Craft Distilleries**

Audrey Vasek, Policy and Rules Coordinator, began the briefing with materials (HANDOUT 5A).

Ms. Vasek: Today I'm requesting approval to withdraw the CR 101 for the rulemaking project related to alternating proprietorships for distilleries and craft distilleries.

For background, this rulemaking project was initiated by filing a CR 101 on November 13, 2019, to consider creating requirements for distilleries and craft distilleries that want to engage in these alternating proprietorship arrangements. On the same date, the Board adopted Board Interim Policy (BIP) 16-2019 on the same subject.

During the CR 101 public comment period, from November 13, 2019, through January 4, 2020, no comments were received. However, two comments in opposition to the CR 101 were received after the public comment period closed. Those comments are included in the comment table attached to the withdrawal memo.

During the period that the BIP has been in place, from November, 2019, to present, no licensees have applied to the licensing division for approval of an alternating proprietorship arrangement. As a result, agency staff do not believe a rulemaking project on this subject is necessary at this time and are recommending withdrawal of the CR 101.

If the withdrawal of the CR 101 is approved today, I'll file with the Code Reviser, update our webpage and send notice to stakeholders through GovDelivery. The BIP would remain in place for reevaluation at a later date to allow more time to see if there is interest in these arrangements from distilleries and craft distilleries.

That concludes my presentation, I'm happy to answer any questions.

Chair Postman: Seeing none, is there a motion to withdraw the CR 101 for alternating proprietorships for distilleries and craft distilleries?

MOTION: Member Garrett moved to withdraw the CR 101 for Alternating Proprietorships for Distilleries and Craft Distilleries

SECOND: Member Hauge seconded.

ACTION: Chair Postman approved the motion.

**ACTION ITEM 5B - Board Withdrawal of CR 101 for Summary Suspension and Stay Provisions for Enforcement of Governor's Proclamations**

Audrey Vasek, Policy and Rules Coordinator, began the briefing with materials (HANDOUT 5B).

Ms. Vasek: Thank you Chair Postman and Board members. For the second action item today, I'm requesting to withdraw the CR 101 related to summary suspension and stay provisions for enforcement of Governor's Proclamations.

For background, this CR 101 was filed on April 14, 2021, to consider permanent rulemaking to replace emergency rules WAC 314-12-250 and 275, which established summary license suspension and petition for stay provisions for the enforcement of Governor's Proclamations issued as a result of the COVID-19 pandemic. The Board originally adopted these emergency rules in April, 2020, after Governor Inslee issued a series of COVID-19 Emergency Proclamations and guidance affecting establishments licensed by the Board.

During the CR 101 public comment period from April 14 through June 2, the agency received 65 comments in opposition to the project. Those comments are included in the table attached to the withdrawal memo.

With the statewide economic reopening on June 30, 2021, most of the COVID-19 business restrictions were lifted and all business sectors were able to return to usual capacity and operations, with some limited exceptions for large indoor events. As a result, the Board decided not to extend the emergency rules, which expired on July 15, 2021. With that economic reopening and expiration of emergency rules, agency staff do not believe a rulemaking project on this subject is necessary at this time and are recommending withdrawal of the CR 101.

If the Board approves withdrawal of the CR 101, I'll file with the Code Reviser later today, update our webpage and send notice to stakeholders through GovDelivery.

That concludes my presentation, if there are any questions I'm happy to answer them.

Chair Postman: Seeing no questions, is there a motion to withdraw the CR 101 for summary suspension and stay provisions for enforcement of Governor's Proclamations?

MOTION: Member Hauge moved to withdraw the CR 101 for Summary Suspension and Stay Provisions for Enforcement of Governor's Proclamations

SECOND: Member Garrett seconded.

ACTION: Chair Postman approved the motion.

Chair Postman: Thank you, Ms. Vasek. Is there anything else today?

Ms. Vasek: That's all from me, thank you.

Chair Postman: I wanted to say, quickly, on that item, especially the second withdrawal, it was a good reminder to me and shined a light on this process – when we start a CR 101, it says right at the top of the document: "Proposal statement of inquiry". That's what the policy team did. I think it's great – they listened, they inquired, did some research and came back and asked us to do the withdrawal because this is not the right time and don't think it is appropriate to move forward.

So, a lot of work and thought go into each of these proposals. They are not proposed lightly, they are not withdrawn lightly, I just appreciate the flexibility and the attention to that, that once we've started doesn't necessarily mean it has to go forward. Thanks to the rules team for their work.

## 6. GENERAL PUBLIC COMMENT

Chair Postman: There is nobody signed up today for public comments, so that takes us to adjournment of today's meeting. Thank you all very much, we'll see you all next week for the Board caucus.

## ADJOURN

Chair Postman adjourned the meeting at 10:17am.

Minutes approved this 18<sup>th</sup> day of August, 2021.



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David Postman  
Board Chair



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Ollie Garrett  
Board Member



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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.

*Complete meeting packets are available online: [http://lcb.wa.gov/boardmeetings/board\\_meetings](http://lcb.wa.gov/boardmeetings/board_meetings)  
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