



Washington State Liquor and Cannabis Board Meeting

Wednesday, August 18, 2021, 10:00am
This Meeting was Convened Via Web Conference

Meeting Minutes

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 18, 2021. Member Ollie Garrett and Member Russ Hauge were also present.

2. APPROVAL OF MEETING MINUTES

MOTION: Member Garrett moved to approve the August 4, 2021, Board meeting minutes.

SECOND: Member Hauge seconded.

ACTION: Chair Postman approved the motion.

3. ALCOHOL RELATED RULEMAKING TIMELINES

Presenter – Audrey Vasek, Policy and Rules Coordinator

Ms. Vasek: Good morning, and thank you Chair Postman, members Garrett and Hauge. I have a few brief updates today on the alcohol rulemaking timelines.

For the rule project to implement 2021 legislation, House Bill 1480 related to the COVID-19 alcohol allowances, a virtual “listen and learn” session was held a couple weeks ago on August 5 on the alcohol to-go endorsement portion of the draft rules. At a peak, there were around 60 people in attendance. The two-and-a-half-hour recording of the event is now available on the rulemaking web page. I am currently working to compile the public feedback we received into a comment table and analyzing it by theme. The internal rule drafting workgroup will meet next week to review the feedback and comments received and consider changes to the conceptual draft rules. We are also planning a second “listen and learn” session on the portion of the rules related to outdoor alcohol service areas and food service menu requirements. An announcement about that “listen and learn” session was sent out yesterday through GovDelivery and it will be held on September 2 from 1:00-4:00pm. More information about how to participate is also available on the LCB rulemaking web page. We are currently on track to have a CR 102, or rule proposal package, ready for the Board to consider in late September.

On the horizon, I'm also beginning to plan for a new rulemaking project related to axe throwing at liquor licensed premises. For background, axe throwing has become increasingly popular as an activity that liquor licensed businesses would like to offer their customers. Beginning around 2018, the Licensing Division started receiving applications from businesses that wanted to add axe throwing. In April, 2021, the Board approved a settlement agreement allowing a specific axe throwing business to have a liquor license for one year, with certain parameters in place including a detailed safety plan. Since axe throwing is at liquor licensed premises is considered a high-risk activity with implications for public safety, rulemaking may be needed to mitigate safety concerns at liquor licensed premises that are allowed to have axe throwing. I've held a preliminary meeting with Licensing Division staff to begin planning for this project. A kickoff meeting with a larger rule project team, including staff from multiple agency divisions is scheduled for early September. I anticipate bringing a CR 101 for the Board to consider in late September or early October.

That concludes my updates for today. If there are any questions I am happy to answer them.

Chair Postman: None from me today, and I see none from the Board. Thank you Ms. Vasek. We'll move to the cannabis side of the shop now, Jeff Kildahl.

4. CANNABIS RELATED RULEMAKING AND TIMELINES

Presenter – Jeff Kildahl, Policy and Rules Coordinator

TIMELINES

Mr. Kildahl: Good morning Chair Postman, Board members Garrett and Hauge. Here is a brief update on cannabis rules in progress today.

Starting with the Cannabis Quality Control rules, we have finalized the contract for the small business economic impact statement and are holding a kickoff meeting with the vendor tomorrow, August 19.

With respect to the 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. The public hearing is scheduled today's Board meeting. I will describe the project timeline and background when we move to that agenda item.

This concludes my update for today. May I answer any questions?

Chair Postman: No, not today, thank you. We'll move to the public hearing.

PUBLIC HEARING (A)

PUBLIC HEARING 4A – WAC 314-55-040 – Criminal History Background Checks

Jeff Kildahl, Policy and Rules Coordinator, began the briefing with materials (HANDOUT 4A).

Mr. Kildahl: Thank you, Chair Postman. The rule proposal before you today for public hearing concerns changes to current rules that frame the standards and thresholds for criminal history background checks for marijuana/cannabis licensees.

By way of background, Initiative 502, or I-502, established a legal framework for the Board to review the criminal history of marijuana license applicants along with broad rulemaking authority to create rules

related to criminal history background check standards. The initial rules concerning this subject were initially established in late 2013, and the most recent revision occurred in early 2016.

This proposal moves toward creation of socially equitable conditions for individuals that have been disproportionately impacted by marijuana criminalization by revising and more fully describing the background check threshold review process for cannabis license applicants and renewing licensees. Among other things, it redesigns the existing criminal history point system that may have created barriers to entry in the legal cannabis market.

The CR 102 was approved and filed on July 7, 2021. Since then, no comments have been received.

May I answer any questions?

Chair Postman: I don't see any, no. We have one person signed up to testify. Dustin, is he online?

Dustin Dickson: Good morning Chair. It looks like Jim is having some connectivity issues, I did send him a note asking him to log off and back on. If you want to put the hearing on hold, I can try to get him connected.

Chair Postman: Why don't we do that. We'll keep the public hearing open and revisit at the end of the agenda for now. Dustin, let me know if you hear from Jim MacRae.

That then moves us to the general public comment period.

Chair Postman briefed on the public comment instructions.

5. GENERAL PUBLIC COMMENT

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

Mitzi Vaughn – Karr Tuttle Campbell

Good morning Chair Postman, Board members Garrett and Hauge. As you said, my name is Mitzi Vaughn, I'm a shareholder at Karr Tuttle Campbell.

This isn't quite as interesting as axe throwing, which I'm glad I got to hear a discussion about, but – on August 4, MFUSE, an LCB licensed processor transmitted what it termed and "official statement" to an unknown number of cannabis retailers regarding the manufacture of delta-8 and 9 THC from hemp-derived CBD. The email that transmitted the "official statement" named Evergreen Herbal, a licensed cannabis processor, as one of 20 processors that use, this is their language, a "legal process to convert hemp-derived CBD to THC and then use that to manufacture vape cartridges". MFUSE also stated that, this is a quote: "if you are carrying any carts from the listed brands, the LCB has asked that you immediately destroy that inventory or return it if at all possible".

Evergreen Herbal does not manufacture its products with hemp-derived CBD converted into delta-8 or 9 or anything else. And so, I would like to ask if the LCB – I would like the LCB to confirm or deny that they ordered a recall to ask retailers, or ask retailers to destroy or return any Evergreen Herbal products.

Chair Postman: The Board has not, the agency has not, there has been no such order to the 20 processors. We were made aware of this email, I believe, late last week. I've checked with staff throughout the agency and nobody has done anything like this on behalf of the LCB.

Ms. Vaughn: Thank you very much. I appreciate that.

Chair Postman: Thank you for bringing that question to us, I appreciate it.

It looks like Dustin is back now with an update for the public hearing.

Mr. Dickson: Yes, Chair, thank you. I have Jim MacRae online and have given him permissions to unmute his microphone and turn his camera on.

Chair Postman: Great. We'll return to the public hearing on WAC 314-55-040 – Criminal History Background Checks. Mr. MacRae, are you with us?

Jim MacRae was unable to connect to the meeting platform.

If we are unable to do this, we'll have to take this testimony in written form, I'm afraid. We could also invite Mr. MacRae to address the Board at any time under General Comments, if he prefers that. It would be good if he has some remarks since Mr. Kildahl mentioned that nobody has provided comment yet. If there is any, I would request that Mr. MacRae send that to us in writing and we can make it a part of the official record. Dustin, please follow up and make sure he's aware of that.

With that, that is all for the business on the agenda, I'll pause to see if either of my fellow Board members have anything they would like to report or add before we adjourn. Seeing none, I appreciate all of your attendance today and we will adjourn the Liquor and Cannabis Board meeting for Wednesday, August 18, 2021. Thank you.

ADJOURN

Chair Postman adjourned the meeting at 10:14am.

Minutes approved this 1st day of September, 2021.



David Postman
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*