



Washington State Liquor and Cannabis Board Meeting

Wednesday, March 2, 2022, 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, March 2, 2022. Member Ollie Garrett was also present.

2. APPROVAL OF MEETING MINUTES

MOTION: Member Garrett moved to approve the February 2, 2022, Board meeting minutes.

SECOND: Chair Postman seconded.

ACTION: Chair Postman approved the motion.

3. RULEMAKING TIMELINES – ALL INDUSTRIES

Presenter – Kathy Hoffman, Policy and Rules Coordinator

Kathy Hoffman: Good morning Chair Postman and Board Member Garrett. I have a brief rules update for you this morning

For our alcohol rules, our axe throwing rule project, a “listen and learn” session was held in late January. Our rule proposal for this would be presented to you on or about March 16th, and that would set the public hearing for April 27th with an earliest adoption date on that particular project to occur on or about May 11, so that project’s coming along nicely.

For general rulemaking, our electronic service rule project is currently in the developmental stage, so our internal meeting is scheduled to continue to work on those rules. At this point we do hope to bring our rule proposal, or CR 102 to you around April 13th. And that would set the public hearing for late May, so May 25th with an adoption date early June.

Moving on to the cannabis rules, Mr. Kildahl will be presenting CR 103 for marijuana quality control rules today.

Then, moving on to the social equity and cannabis project, draft conceptual rules for the social equity program are currently under internal review. We have done substantial revision -- I should say non substantive revision, so it's really a structural revision of rules related to licensing and increased readability. We do have a "listen and learn" session scheduled for March 16, and so the draft conceptual rules that we're working on will be released on March 7th, with additional details about that "listen and learn" session. We do hope to present the rule proposal, or, the CR 102 to you, on March 30, and that would see the public hearing date on that project on May 11th, with adoption in early June. So, it's an aggressive timeline, but I think it's a doable timeline, I think with everything the agency's put into that work.

So, that is an update on rules and progress at this time, any question I can answer?

Chair Postman: The only one I have is on the social equity and timeline and rules -- is it our expectation that -- when, then, might action be taken once those rules are in place?

Ms. Hoffman: I think there are some other things that need to be put in place, like the social equity contractor, there's some additional training that I know our Licensing Division is very committed to making sure is available to potential licensees, or applicants I should say. So I would say, mid-summer. I hope that that answers the question.

Chair Postman: I think it does, and that's still pretty aggressive, that's faster than I initially thought we would be able to start things rolling, so that's good, thank you.

Ms. Hoffman: That's a fair assessment. The other thing to keep in mind is that bringing the rule proposal to you on March 30th assumes that there aren't significant substantial changes that we need to make to the draft before we can bring the proposal to you. Because with the "listen and learn" session being held on March 16, that's only a two-week time frame to make revisions, and sometimes turnaround times at the Code Reviser's office, they're just not that rapid. So, there's some variables that might change the timeline -- for all intents and purposes we're hoping to be able to get it here in that timeline.

Chair Postman: I totally understand, and like I said, it's already a little ahead of where we thought we would be, in both your shop and the Licensing Division have been putting so much into this and moving so quickly and at the same time dealing with legislative matters and everything else, it's great. I really appreciate it, and I'm looking forward to the "listen and learn" for sure.

Ms. Hoffman: Thank you.

Chair Postman: Next, Mr. Kildahl.

4. CANNABIS RELATED RULEMAKING

Presenter – Jeff Kildahl, Policy and Rules Coordinator

ACTION ITEM 4A - Board Adoption of CR 103 for Marijuana Quality Control Rules

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

Jeff Kildahl: Good morning Chair Postman and Board Member Garrett.

The CR 103 permanent rulemaking before you today for approval concerns changes to current rules that require all marijuana products produced and sold in Washington state to be tested for pesticides in addition to the currently required suite of I-502 tests. These rules also allow the Board to conduct randomized or investigation-driven testing for heavy-metals in marijuana products.

As you are aware, this has been a lengthy project that involved exhaustive stakeholder engagement and multiple rule proposals. We believe these rules promote the overarching goal of the Board to protect public health and safety, and to ensure that all marijuana products sold within the I-502 market are safe for all consumers.

In addition to mandatory testing for pesticides and random testing for heavy metals, these rules also include:

- Revised licensee sample and collection storage procedures,
- Increasing the maximum amount of cannabis flower that may be represented by a single I-502 panel of tests,
- Revising the number of 1-gram flower samples required for testing,
- Elimination of the ability of certified labs to return unused portions of samples to licensees,
- Revised guidance to labs regarding when to reject or fail a sample,
- Updated and expanded information regarding testing levels for water activity, potency analysis, foreign matter inspection, microbial screening, mycotoxin screening, and residual solvent screening,
- Updated rule language regarding product retesting, remediation of failed lots, the expiration of certificates of analysis and referencing of samples, and,
- Updated reporting requirements for lab proficiency testing.

The CR 102 was approved and filed on December 8th, 2021, and the public hearing on these rules was held on February 2, 2022. We received 52 written comments and 20 comments received as oral testimony on these rules. These comments and responses are collected in Attachment A.

There were no changes made to the rules based on public comment, however a new sub-section 11 was added to WAC 314-55-102 to allow for a transition period, during which post-harvest marijuana products that do not comply with these updated testing requirements may be sold, distributed, or both, within a reasonable period of time to be determined by the Board. If approved today, these rules would take effect on April 2nd, 2022.

Thank you, and may I answer any questions?

Chair Postman: Any questions from Member Garrett?

Member Garrett: No questions, you did a great job of briefing us yesterday, so thank you.

Chair Postman: Yes, thanks Mr. Kildahl. As I said yesterday, there was really good public testimony on this. I think a lot of good questions raised, and one -- I'm just glad we're there, we need to do this. We've needed to do it for a while, I think we're the last state to do pesticide testing with legal cannabis markets, so it's good we have gotten there, and we're going to keep working on it, as you talked yesterday, also, and make sure it's doing what we said it's going to do.

And so I want to thank everybody who participated and gave us their comments, I know some people are disappointed in the final product -- I think it's a good final product, but we're also going to keep talking with people and look at this as a living breathing thing and try to keep improving it anywhere we can, and to look at what adverse impacts may be out there, in the implementation or the maintenance of this on the people who have to do it.

So, with that, thank you, we appreciate that. And with that, I will look for a motion to adopt the CR 103 for marijuana quality controls.

MOTION: Member Garrett moved to adopt the CR 103 for Marijuana Quality Control Rules

SECOND: Chair Postman seconded.

ACTION: Chair Postman approved the motion.

Chair Postman: It is approved. And I hope the labs are ready to go.

Mr. Kildahl: Thank you, Chair Postman.

5. GENERAL PUBLIC COMMENT

Chair Postman: We are now to the part of the agenda where we have public comment. A couple of quick reminders -- all our meetings are recorded, so you're being recorded. We ask you to state your name and affiliation so we know who you are. You're given four minutes to talk, at three minutes and 30 seconds, Dustin Dickson will step in and let you know you have 30 seconds. He's not being rude, we don't have a light at this point we could shine to tell you your time's almost up, so please listen for that. At the end of the four minutes, we will require you to summarize and we'll move on to the next speaker. That said, we look forward to civil and positive engagement from all. We have, I think, six people, seven people actually signed up at this point. First on my list is Christopher King.

Christopher King – No Affiliation Given

Okay. Terrific, folks. Listen. I'm going to talk about equity here, now I've been around zoning and leasing issues for all my adult life. 30-some years, I've been a professional zoning manager of land use, both in a civil rights context, and in a land-use context for wireless carriers. I know a bit about zoning, and arbitrary capricious actions. And what I'm saying here is that, when you have a license, it gives you a bundle of rights, privileges, and immunities, and responsibilities that set you apart from those who don't.

There are a number of black pioneers here, who I'm becoming friends with, all of them now, who were scared out of their jobs and their livelihoods by LCB agents posing as real cops, when we know now that they're not, okay? Agent John Jung and I established that a year ago, on March 5th, when I took his deposition live, on Facebook actually, and he said he would not hold a side-arm because he does not have qualified immunity. David Stitt, a former agent, said the same thing, both these men quit the LCB because of that. That's a fact.

Now, that's the rights, privileges, and immunities. I looked around, and I've seen the ACLU out here, they've fought for Oscar's; they did equity for Oscar's Restaurant, that's a white guy, a German immigrant, lost his license wrongfully to the LCB, and they got it back and lost wages, lost profits, half a million dollars. Then, they also helped out people who lost their drivers' licenses, okay, couldn't pay the fines. Those people did something wrong, they just couldn't pay the fines. So the ACLU went and helped them. Meanwhile, they are not responding to any of these black folks, who are the original pioneers, who got pushed out of medical, all right? They can't seem to get representation, although there is one lawyer who is talking to them right now, but, this in congress with state admissions of ACLU and NAACP - NAACP turns a cold shoulder, the media won't talk to them either, okay?

But your buddy there who does the Cannabis Observer, Greg Foster, he tried to threaten me with spam for telling him about the fact that LCB admitted that they're not real cops, that they don't have emergency authority. That's not spam, that's fact. And he shouldn't be using that badge on his page either, it's a fake that says "police" on it, police on whom? Police of what?

I used to be an assistant attorney general but I wasn't a law enforcement agent. I couldn't put a gum-ball light on top of my BMW and go around pretending like I was a cop. No. Just because you work for a law enforcement agency doesn't make you a law enforcement officer, but they use that power.

And there's been other lawsuits I've been finding out, two more recently too. One of the only live shops up there in Everett, they had a federal complaint that was just dismissed last month, making the same allegations. Attorney Halberson brought that case, okay? Established professional here, brought that case, alleging arbitrary, capricious, and racist actions on the part of the LCB. And then you have the Widmer case, contrast that, with the Widmer case.

You guys, it was like a year ago that we were told by Chris Thompson -- I had a meeting with him, Brionne Corbray, somebody else, Paula was there -- "it might be until the end of the year before licenses get issued". Well, we're now at the next year, still nothing issued, and meanwhile, LCB- I have a fact, there's a fact that with the Widmer case, all right? And that was your case number -- Widmer, your case number M-25492, that guy and his wife, plead the 5th three times in their...

Dustin Dickson: Christopher, you have 30 seconds.

Mr. King: Yeah. And basically you had affidavits from your own attorney saying don't "give this guy a license", yet he winds up with both licenses, recreational and medical, and these black guys are out there, stuck in the cold. We're wandering on a plantation or something, like 'Master Reynolds, can we please have some scraps from the table?'

It's ridiculous, this is not civil rights, this is something less than that. So equity has to start first, and reward those people in the same way that Oscar's got rewarded.

Mr. Dickson: Christopher, that is your time.

Mr. King: Thank you.

Chair Postman: Thank you. The next person we have signed up is Sami Saad.

Mr. Dickson: Chair, Sami Saad registered to speak but is not online with us, today.

Chair Postman: Okay. We can check back in and see if he has joined us. Mike Asai from Emerald City Collective.

Mike Asai – Emerald City Collective Gardens

Good morning, Board members, my name is Mike Asai, founder and president of Emerald City Collective gardens, established in 2010. We were the second black-owned Washington dispensary and first downtown Seattle dispensary.

We are Washington State medical pioneers. We were part of the retail example that you see today. Senate bill 5052 was not a medical cannabis merger -- I'm sorry -- Senate bill 5052 was not a cannabis-retail merger, but was simply a medical cannabis takeover. Having been licensed with Washington state, as I have here today, City of Seattle -- sorry my apologies here.

Chair Postman: That's all right, we can stipulate you have it in your book if you want to use your time.

[Mr. Asai continued looking for documents]

Mr. Asai: I'm sorry, am I able to go?

Chair Postman: Why don't you just talk to us? Don't worry about what you've got in your book; we're going to assume you've got the Seattle license there.

Mr. Asai: Yes -- so simply put, we were one of the first, and I've been at the task force meetings, and for me, it's going on six years this July that we've been closed.

I'm highly frustrated, as well as a lot of people like myself, and we need the 39 licenses to go out this year. I understand, as I have stated from the very beginning, they need to be mobile. Even if they're not mobile, we still need the process to get started. It's real frustrating, for me, I have lost out on millions, generational wealth, my family's been affected; as long as others that's like me as well, who were in the business, black, brown, and white as well, but I'm advocating right now for Emerald City Collective Gardens as well as myself.

It's just been a very frustrating process to have that cut out as I came down in 2016 to speak at the Board meeting, I got stuck in Tacoma traffic, the Board meeting was over. I asked to speak with Beth Lehman, and it was very unprofessional of her when she spoke with me, I had all my documents in the lobby, and I felt like I was just treated like I was a nobody, and being someone that took risk, and was a pioneer in being black in the cannabis business.

And so with all that being said, I have myself been highly frustrated by the LCB over the years, but I am looking at the LCB, with Ollie Garrett, she got involved after this whole mess of senate bill 5052, so I want to thank her publicly, because I know without her, without the LCB, without Governor Inslee, Paul Sardinias, Peter Manning, Aaron Barfield and Representative Pettigrew, we would not even be here with the social equity at this time. So, I just want to thank them, because I know there's been a lot of people that's come out and saying they are doing this and doing that, but I know exactly why we're here today, so I want to thank them.

I'm in support of the LCB, if the LCB is in support of me and others like me, being able to obtain a license. Like I said, it's been extremely frustrating, I'm willing to give the LCB a second chance, I'm not going to hold grudges. The LCB from what I've seen has been great during the task force meetings, they have

given a lot of information, and when the LCB has seemed to be moving faster than the task force, and I think that the LCB is trying to make the wrong, right.

Rick Garza apologized to me in 2020, the last public LCB meeting, saying “Mike, I’m sorry, you should have had a license.” So I take that to heart. As I said, I’ve been highly upset at the LCB, but as I said today, I’m not going to let my anger get in the way of moving forward. And so, as I see it, the LCB has definitely made changes...

Mr. Dickson: Mike, we tried to give you a little bit of extra time but you do have 30 seconds left at this point.

Mr. Asai: Thank you. If the LCB is truly trying to do the right thing, then you have my support. If not, then I’ll have to back away.

So, thank you again, I’m sorry for the blunder there. I just want to show that as of 2010, October 8th, we got established with the Secretary of State, and we were licensed with the City of Seattle, we paid our taxes, there is no reason why we should not have been able to have been grandfathered in, and continue.

Thank you for your time, and that’s it. Thank you.

Chair Postman: Thank you. Next up is Micah Sherman.

Micah Sherman – Raven Grass

Hi, thank you for the opportunity to comment. My name is Micah Sherman, I’m one of the owners of Raven, we’re a Tier II producer/processor in Olympia. I’m also on the board of the Washington Sun and Craft Grower’s Association and serve on the social equity task force as an appointed licensee.

I wanted to comment about a couple of different things today. The first is to express my continued concerns about the CR 103 that was just adopted- I’m a very small craft grower, I grow very small lots and batches of products, and the way that that CR 103 is structured is, it’s going to severely impact people that produce small amounts of the same strains, and it’s going to greatly reduce costs for very large operators that are producing very large batches of products. So I just want to make sure that it’s on the record that we want to see that inequitable implementation of pesticide testing be remedied in its implementation. We do think that there’s a lot of solutions to solve that problem, and we look forward to working together on that.

We think that testing product that’s safe is incredibly important, a lot of us in the WSCA are organic farmers, and are looking forward to the organic standard being introduced, that was hopefully funded in the budget this year that WSDA was allotted \$200,000 to implement that program, we really look forward to integrating that into the process of getting this pesticide testing online, because they’re certainly connected.

The other thing I wanted to comment on today, was, I’ve heard a lot of different people at the LCB over the years about how “we don’t pick winners and losers in the economy at the LCB”, and I just wanted to make that comment that the LCB has in fact picked winners and losers over the years, because the shape of the market is constructed in the laws and the rules that we all operate under. And we inherently pick winners and losers because we’re selecting the landscape that the game we’re participating in is being played on. And I would really encourage everybody at the LCB, and everybody in a position of

policy-making authority to accept and acknowledge that the choices that you make selects who succeeds and who fails, whether that's intentional or whether that's unintentional. And I would really like to see the language of this policy making shift where we acknowledge the reality that winners and losers are selected. And right now the winners and losers have been selected in a sort of unintentional way, rather than an intentional way. And there's folks in the industry, particularly well-funded lobbyists, that have used that process of shaping the game that we're playing, to pick winners and losers that benefits them. And by pretending that we're not, or you're not, in a position to participate in that selection, I think is inaccurate. And I really would hope that over the next year or so, as we start to reconcile with where we're at and where we're going, especially in the context of moving into a national marketplace, that we start to embrace the reality that the rules and laws are...

Mr. Dickson: Micah you have 30 seconds.

Mr. Sherman: Thank you. The rules and laws are what makes it possible for us to succeed and fail, and they shape the potential outcomes that are available to us. And I think this CR 103 is a perfect example of, without meaning to, selecting winners and losers.

I certainly hope that we can realize that, and start talking about what's really going on, instead of pretending that's not the reality, because it's affected me, and the people in my organization to incredible amounts over the years, and...

Mr. Dickson: Micah, that's your time.

Mr. Sherman: ...we need to start focusing on better outcomes. Thank you.

Chair Postman: Thank you. Kevin Shelton is the next signed up.

Kevin Shelton – None Given

Hi my name is Kevin Shelton, I'm from Life Tree Collective in Skyway. We started out our business in March of 2011. We were registered with the Secretary of State, Sam Reed, and with the city of Seattle, we operated in Skyway.

So we had zero problems, zero issues with any state or local authorities and by about 2015 we were forced out. We were just asked to leave, threatened with the feds being involved with a lot of our other stuff. But fast-forward to now--

Chair Postman: Looks like we just lost Mr. Shelton.

[inaudible]

Chair Postman: Oh there you are, you're back.

Mr. Shelton: So basically, we were forced out of business, and we are now at this juncture, we're like, two years into the social equity. Over two years. We're two years into social equity. We just want some answers. We don't want to fight. We want to do business with the Liquor and Cannabis Board. We want the Liquor and Cannabis board to reach out to us. We haven't heard anything. Looks like -- where do we go, we've had our lives destroyed, our livelihoods destroyed, we haven't had much time to talk about that, but in the early social equity meetings we were part of the conversation, we were part of -- social equity reflected on us. And now it's like there's being games played that we assume that there's games being

played, we don't know why we're not a part of the conversation anymore -- the black founders of cannabis. We're part of a billion-dollar industry. The LCB took over the torch where we all started. Do you see what I'm saying?

We just want to be part of what we helped start, in all fairness. We need to be added back to the conversation, and our qualifications shouldn't have to be determined by a lottery. It should be determined that we were first, and that the grandfather clause in the Revised Code of Washington State -- that medical and business be applied to us, and why doesn't it apply? That's why we're a little bit upset. But we're willing to work too, or we wouldn't be here, if we were not willing to work with the LCB. That's all I have.

Chair Postman: Great, thank you. Ally Damon.

Ally Damon – Rukus Retail

My name is Ally, and I'm the manager of a few cannabis retail stores in Seattle doing business as Ruckus. I say stores, but right now we only have one store actually able to operate -- sorry I have my baby next to me -- I say stores but right now we only have one store able to operate as a direct result of the LCB's refusal to enforce its own regulation regarding retail license forfeiture. The LCB's inaction not only directly harms Ruckus and its employees, it also harms Seattle consumers- I'm sorry.

[Background noise]

Chair Postman: That's okay. Take your time.

Ms. Damon: So, the LCB's inaction not only directly harms Ruckus and its employees, but it harms Seattle consumers, it harms all Washington residents due to the loss of literally millions in tax dollars, and it keeps licenses from being awarded in the social equity program.

So to explain all that, for years, Washington OG had a retail license in the Ballard neighborhood. At that location. Washington OG averaged about \$91 in sales, a far cry from hundreds of thousands a month in sales that is typical in Seattle. And then in January of 2020, Washington OG applied to move its license to Belltown. It took Washington OG almost an entire year to get its move approved by the LCB, and it's been over two years that they've applied and moved to Belltown, but it's still not open. So the LCB has the regulation that requires Washington OG to be open within 12 months of receiving its license, so basically it's like use it or lose it. That regulation is WAC 314-55-055, the forfeiture rule.

It has been 13 months since Washington OG got its license and it's still not open. Ruckus has asked the LCB to enforce the forfeiture rule against Washington OG, but it has done nothing as of yet. The only reason Washington OG is not open is because it's chosen a terrible property, unfit for retail, and it doesn't seem like there's any rush to do anything about it. It is not really doing any business at all, since it got its license four years ago.

This really matters for Ruckus, because in the summer of 2021, we signed a lease for a Belltown location of about \$18,000 per month for rent, we submitted an application to the LCB to move one of our stores to that space, and it only took a few months for that to get approved, and this was before the LCB approved Washington OG's Belltown move. So while we were ready to open first, our application for the Seattle marijuana license was denied, because Seattle won't allow two retail stores within a thousand feet. It doesn't matter that we were ready to open, Seattle won't allow us to open, only because Seattle looks at

when a licensee's files its change application, not when it actually opens. So Seattle won't change its mind and let us open unless the LCB acts to forfeit Washington OG's license.

So yes, we are paying a ton of rent for a space we can't use, but it has other impacts as well. With that additional store in Belltown, the state has lost millions of dollars in tax revenue. For two years, Belltown has had one retail store...

Mr. Dickson: Ally, you have 30 seconds.

Ms. Damon: So pretty much, I want to just say, the forfeiture licenses are supposed to be part of the social equity program, and so if there's a license that's not being utilized, I think that that is a good opportunity to kind of give that social equity program a chance to get up.

Chair Postman: Okay, thank you. If you have written testimony on that, could you email that to Dustin Dickson? That would be helpful

Ms. Damon: Yes, absolutely.

Chair Postman: Great, thank you, we appreciate your time.

Ms. Damon: Thank you.

Chair Postman: And the last person we have signed up today is Jim MacRae. Good morning Jim.

Jim MacRae – Straightline Analytics

Thank you. This is Jim MacRae. I run a company called Straightline Analytics. I've been looking at the data of this industry, primarily in this state, but in others, for a number of years now.

Just to the point, you've finally culminated in the many-year quality control rule sets where, fundamentally you changed "quality assurance" to "quality control", and saw many dimensions once again played into what appears to be the preferred segment of your licensees within this space, which is the big ones. And I don't mean this as you're playing favorites, or anything, but there's something about your process, and processes, that do very consistently enable regulation and interpretation of regulations, and in some cases agency requests for legislation that tend to hurt the types of wholesalers, particularly, that I would've liked to see more prominent in this industry, this legal industry. And I think many of the 502 people would have liked to have seen, in addition to not being jailed for doing their cannabis work.

You've probably seen the editorial in this morning's Times, it looks to be informed by, amongst other things, by WACA (Washington Cannabis Association), where it's calling again for the possibility of expanding the scope of the old LCB, and its capability, I viewed that as a hostile move by WACA for a couple of years, now, I don't know why that's coming, but I agree with a couple of things in the times article. One, the degree of power now overseen financially with the hundreds of millions in tax revenues, the billions in licensee revenue, that you're managing just within this space, on top of the liquor and cannabis stuff, and nicotine stuff, is a lot of power for the hands of three people, or the hands of two, when some of the more senior knowledgeable about laws get off the ship before it completely sinks, which appears to be a direction that some people would like to see- I'm not one of those people by the way.

Another point that was made in the article, I agree it's too much power for two people, and really it is two people, with a three person board, if you could corrupt two people on the board, if you could, I'm not saying it's being done, but there's just so much money potentially involved for the big players, the successful players -- So the other thing that came out was heavy handed was the enforcement in the article that you've made progress but you need more, more voices from external, broader voices, maybe that'll make it better. I don't think of your enforcement as being overly harsh, I think in some cases it's been poorly applied, but that's a matter of opinion. I don't know all the details of most of the cases, your people do, presumably. One of the speakers earlier talked about favoring the big guys, favoring differential aspects of the business, you don't pick winners and losers. Well, I would say it's not the heavy-handed and harsh enforcement, it's the inconsistent application of the rules you have. The inconsistent favoritism that certain aspects of those rules come to envision. Particularly when they're done with what would presumably be the knowledge of the Board. One of the previous speakers talked about what the increase in lot size does to...

Mr. Dickson: Jim you have 30 seconds.

Mr. MacRae: Thank you... craft cannabis and small scale people who want to go with just a few plants. Well, you know, it's devastating to them.

The other one is canopy that you're working on right now. Whatever your staff has told you about canopy right now, the interpretation they just put out of its square footage that's behind the 8-foot fence, for outdoor farms in particular, that is just a ridiculous definition, indoor I suspect it is too, for reasons I could talk about in more depth, I'm running out of time here.

Mr. Dickson: Jim, that's your time.

Mr. MacRae: Thank you very much. Guys, be careful. WACA is coming after you, I don't know what it is. They want more money, and you're not giving it to them. Thanks.

Chair Postman: Thank you. Dustin, did Mr. Saad join us? I don't see him.

Mr. Dickson: No, Chair, he did not join the meeting today.

Chair Postman: Ok. That's the last person we have signed up. I wanted to just answer a few of the questions that came up, and respond to a few quick things.

One, and I'm trying not to jump in the middle of the public commenting but I took some notes. Mike Asai raised issues, as well as Mr. Shelton. I hope you heard the presentation on the social equity rulemaking. It's happening, it's coming, we will be able to, we think, stretching it by this summer -- license processing happening. We are doing some, I think, interesting things to try to involve people in that process. We will make sure that those that testify here today get notice of those things. We're trying to spread word far and wide, and so we'll make sure that you do, because we do want to hear from people that have been in this business a long time.

As to the comment about a person on our Licensing Division, I would just say that we spend a lot of time talking about social equity; I have never heard anything but sincere, committed belief to the goal of social equity. It's done humbly, but it's a strong commitment. So I just want to say that on behalf of the Licensing people, I just think they've done incredible work on this, and appreciate the comment I think, Mr. Shelton said, I can't remember, too many people talked today about what the LCB talked about at social equity meetings. We've been as engaged as possible there, under the leadership of Member Garrett, she is a

member of the task force, nobody else at the LCB is, we've really integrated our work there and tried to be as helpful as we can with that process. Then when it shifted to the legislature, we did that again, and continued to do, and we will up until the last day of the legislative session. We've been working on this rulemaking for a while. We are the ones that brought the social equity legislation to the legislature in the first place. This agency is committed to it, and will continue to do that.

The conversation and the comments about picking winners and losers is really interesting and incredibly timely right now for me, I've been thinking a lot about this, and I kind of wish you all who were sitting here in the audience and the industry could get together and decide who we're picking as winners and losers, because you don't agree. We heard from two people today who suggest we're picking one segment or preferred segment as Jim said it and Micah made the same suggestion. I can tell you the folks that you think we're picking have said in writing that we're picking you guys over them, that we're picking winners and losers and that's one reason why we need to be reined in. So, you know, are there winners and losers? Yeah, and the system we all operate under, of capitalism, and under the direction of the legislature, and in this case, the voters, there are structural things that happen. Our job at the LCB is to regulate under the structure that we have, and what we have really comes from the voters, and shaped, polished, improved, whatever you want to call it, by the legislature, and we have the obligation and the authority to regulate that on a day to day basis. We have some role in that of course, but we operate in the structure that there is.

And just as I've discussed here before, I think that Initiative 502 was mindful of some of this, and we have tiers of growers and we had canopy restrictions, and prohibition on the vertical integration, these things are economic infrastructure. So yes, we're regulating the system that is already designed in those ways. I don't see evidence of favoritism on the regulatory side, from one side or the other, and you all out there are going to think that we do, but you're pointing at each other, and I just hope you could hear each other, a little bit there, because you're all convinced that we're helping the other guy. And I think sometimes, you're with us, and sometimes you're not. And that's the way it is, and that's the way it should be. I think that there's a dynamic there that's not unhealthy, as long as it's not done with favoritism or undue influence, and I think the LCB is doing a good job trying to balance those interests and to hold back action by who has the best PR operation, you know? Or, who has political connections, or who can pack the hearing room? We have to take all this in, and we try to rely on the experts, internally and externally, to do that.

The suggestion has been made that we have not evolved or that we have not modernized -- I think our rulemaking process alone is a dramatic modernization, not just of the LCB, but of rulemaking in state government. It's an amazing model. It doesn't mean people are always going to love what we come out with in the end, and again, I'm okay with that, I don't think that we can come up with something that's going to please everybody in the industry. And we're not just here to regulate for the industry's benefit, we're here to protect the public health, we're here to protect the public safety, it's by the will of the voters I believe, and to follow the legislative mandate -- which I think brings us to this legislative session.

We have just a week and a day left in this session, and I really fear that they will not take action on the important legislation that's pending to regulate cannabis derivatives, both inside and outside the 502 system. We've been told that there's just not time, we're unlikely to have the time to get that bill done, and I think that's really unfortunate.

It was suggested that maybe we have to seek authority from the Governor on a health emergency declaration, well the good news is, there is no health emergency today. We are ahead of it. We know what's happening in other parts of the country. We don't have updated data; the CDC put something out

in the middle of last year that showed an increase, a real spike in the 600-some cases of reported adverse impacts. Now, some of the industry publications have belittled that, and said “oh the problem is somebody who got high who didn’t want to get high”. But there’s real health impacts to these things, particularly on the one side when they’re sold in a store where you don’t have to be 21 in order to get in. We know what that does, we know that that increases access to minors. The other, within the 502, stores -- compounds, that we don’t know, we don’t know what those processes are, we do know that it can undermine the regulatory system that exists today, not that the LCB picked but that the voters and the legislature picked and continues to enforce. And you see things nationally right now, that I think legislators should be alarmed by. They have the opportunity over the next eight days to do something.

The 661 exposure cases is what the FDA and CDC said about delta-8 products -- over a long period of time, but that curve has gone way up as you can imagine. By 2018, none of us had heard about this, by mid-2021 everybody had heard about this, and it proliferates more every day. Some of these are kids getting into their parents’ delta-8, which, come on, lock it up, keep it out of their hands. Some of it is adult use. And I don’t think it’s to be laughed at, what say, “oh, somebody just got high when they didn’t want to get high”. If they’re buying something that is not clear about what it is and what it does to you, that’s a problem.

You see on the hemp side, even the hemp industry itself, the hemp round table, has started to wave red flags around what’s happening with hemp. Hemp was legalized in congress, and then in the legislature, but particularly under the farm bill in congress, for industrial use, and the hemp round table put out a statement, I think it was just last week, it includes a quote from their ethics council, saying that “Rope not dope,” was the motto of the coalition that came together to get that passed. And, the hemp round table says that turning that into these impairing substances violates the intent of congress. That’s not us saying that, that’s the hemp industry. And if it violates the intent of congress, then it clearly violates the intent of the Washington state legislature as well.

So, we have a bill to try to do something about this, and I really fear that it’s not going to happen. We’re going to have to look at everything we can do as an agency to get the safeguards in place that we need. The issue doesn’t go away. The cannabis industry association, the national cannabis industry, the NCIA, said that they think that there’s really some potential benefits from these new compounds -- health, and others. But, they say “many more years of research are to be done to learn proper testing methodology based on production methods”. That’s the National Cannabis Industry Association. s

So, I just make this plea here because I know some here will talk with legislators, and we don’t have much time left, I think that the bill that Senators Keiser and Mark Schoesler -- which is a great one, a great set of sponsors in the senate -- that’s the one bill that is really alive at this point and could serve this function. I hope they’ll give it serious consideration and I hope we can get it passed.

And as is the case, that’s not the end of it. We will continue, we’ll have rulemaking, we’ll have conversations. I think that going forward we’re going to have to find ways to have conversations across industry sectors, and including LCB, because it is not going to work to just point fingers at each other, and say “oh the LCB only likes the big guys”, or “oh the LCB only likes the little guys”, or “the LCB only wants organics”, or “the LCB only wants chemically synthetically derived THC”. None of that’s true. So we have to figure out a way to do that. And if the industry really is concerned about what that future looks like, particularly with the possibility of federal legalization -- which, again, I don’t think is going to happen overnight -- we better figure out how to all work together on this, and figure out what that voice sounds like to the legislature, because the legislature is continuing to act in this area. They’re passing some good bills related to cannabis this year. The reinvestment act that the Governor sponsored was super-exciting

for people at the LCB. We're all in on that, so some good things are happening. But I think post-session it'd be worth trying to find a conversation about what this does, because it can't be the pointing fingers, and it can't be the misinformation wars that are going on today.

And with that I will stop. Member Garrett, anything at all?

Member Garrett: No.

Chair Postman: Thank you. I didn't intend to speak too long, I know I went over my four minutes, but I'll bank it for the future, and resist responding the next couple of times. Thank you all, we will now adjourn the Board meeting for March 2nd, thank you all.

ADJOURN

Chair Postman adjourned the meeting at 10:55am.

Minutes approved this 16th day of March, 2022.



David Postman
Board Chair



Ollie Garrett
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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