



Board Caucus Meeting

Tuesday, November 1, 2022, 10:00am

This meeting was held in a hybrid environment

Meeting Minutes

CAUCUS ATTENDEES

Chair David Postman
Member Ollie Garrett
Member Jim Vollendroff
Gretchen Frost, Administrative Assistant

GUESTS

Alison Holcomb, ACLU-WA Director of Political Strategies
Kathy Hoffman, PhD, Policy and Rules Manager
Rick Garza, Agency Director

At 10:00 am, Gretchen Frost announced that the meeting lobbies were open and the recording had begun.

At 10:00 am, Chair Postman convened the meeting.

I-502 10 YEARS LATER – A DISCUSSION WITH ALISON HOLCOMB

Chair Postman: Thanks, Gretchen. We will convene the Liquor and Cannabis Board Caucus Meeting for November 1, 2022. Good morning, everybody.

We have got a different and special caucus today. We are going to start the first of what looks to be three conversations we are going to have about the 10th anniversary of the passage of Initiative 502, which created the legal adult market for cannabis, of course. And today we'll hear from the architect of that joining the table here in the office with Kathy Hoffman, our Policy and Rules Manager and, of course, our Agency Director, Rick Garza, who will participate as well. And so, I am just going to turn it over to Dr. Hoffman to get us started.

Dr. Hoffman: Great. Thank you, Chair Postman. Good morning, Board Members Garrett and Vollendroff. So, on November 6, 2012, Washington voters enacted Initiative 502, joining Colorado to pioneer the nation's first two systems of legally producing, processing, and retailing adult-use cannabis. And now, 10 years later, we are recognizing this milestone by hosting a series of discussions this month with people who led the creation in the Washington system, chronicled its impact, and are involved in cannabis businesses.

To kick off the series this morning, we would like to welcome ACLU Director of Political Strategies, Alison Holcomb. And I am going to take a few extra moments here to introduce Alison and share her background and recognize her experience in drug and social justice policy reform because it extends far beyond the passage of I-502. So, as we know, Alison was the primary author of I-502 and directed the

political campaign that led to its passage. In 2013 and 2014, she traveled to Uruguay to consult with José Mujica -- I think I said that completely wrong, I apologize -- but that successful effort to lead the country to be the first to legalize and regulate cannabis. And she's participated in communities in Chile, Mexico, Spain, Canada, the Netherlands, New Zealand, London, Warsaw, Athens, Vienna, New York City, and Washington DC to share and compare views on cannabis policy and politics.

In 2014, she joined the National ACLU to launch its campaign for Smart Justice and supervise the development and implementation of Oklahomans for Criminal Justice Reform 2016 Ballot Initiative Campaign that reduced drug possession from a felony to a misdemeanor and directed the state criminal justice system savings to community-based rehabilitation efforts. She returned to the ACLU of Washington in 2017 and co-Chaired De-Escalate Washington, the campaign to pass Initiative 940, which reformed the legal standard for criminal liability for police use of deadly force and requiring enhanced training and independent investigations.

From 2016 to 2021, she served as Chair and Vice-Chair of the International Drug Policy Consortium, and that is a global network of over 180 NGOs (Non-Governmental Organization) in more than 65 countries that promote objective and open debate on drug policy at the national, regional, and international level, and support evidence-based policies that are effective at reducing drug-related harm. Before joining the ACLU in 2006, Alison practiced as a trial attorney for 13 years, representing accused individuals in criminal, civil rights, and civil asset forfeiture proceedings in state and federal court. She received her BA from Stanford University and her JD from the University of Washington School of Law. And I am sort of questioning my existence right now. [laughter] Anyway, Alison, thank you so much for joining us today. And to begin our conversation, I will turn it over to Chair Postman.

Chair Postman: Thank you, Kathy. Good morning, Alison.

Alison Holcomb: Good morning.

Chair Postman: Thanks so much for joining us today. I really appreciate it. We're really looking forward to this. I know you don't have any prepared opening remarks, but is there anything you would like to say before we get started?

Ms. Holcomb: Thank you for that very warm introduction. And it's truly an honor to be here. I want to express my sincere and deep gratitude for the fantastic work that the Liquor and Cannabis Board has undertaken over the past decade. LCB was not consulted before this task was thrust upon them by the passage of Initiative 502. And overall, I think the Board has done an amazing job at ushering in this country's first legal cannabis industry. So thank you for all of your work.

Chair Postman: Great. Thank you for saying that. I really appreciate it. I'll just take the opportunity with the microphone to ask the first question, which is, is this what you imagined it would look like? How does what we are doing today fit what you thought when you started work on that initiative?

Ms. Holcomb: When we started working on the initiative, our only goal was to pass a law that would end the criminalization of cannabis growing, selling, and first and foremost possessing and consuming. The ACLU of Washington has always viewed all drug prohibition policies as grounded in racism, and our goal was to pass a law that first and foremost would withstand the scrutiny of the federal government. We had no idea whether or not the federal government would allow Initiative 502 to actually be implemented, and we are very pleased that it did.

Today, when I look at the ongoing evolution of the marketplace, what resonates most deeply for me is how successful we were in crafting an initiative, a measure that would give the Board a great deal of flexibility and encourage the Board to include community perspectives and how this industry needed to evolve to meet the goals of continuing to roll out an industry under an ongoing federal prohibition, and also to address those racist underpinnings of cannabis prohibition and start to address the inequities that our communities have suffered as a result of prohibition. So while the specifics may look different than anything we could have imagined, the core of what has evolved over the last decade seems consistent with the aims when we sat down to begin drafting.

Chair Postman: Great. And as you were just saying that really the nut there was to remove this criminality, which was being abused and disproportionately based on race, and without that piece, there really would have been no way to advance that cause of decriminalizing or making that more equitable even without legalization. Right? Is that where we came to at that point in Washington?

Ms. Holcomb: You know, I think that that is partly right. There was obviously an option to pursue simple decriminalization of possession. There was actually quite a bit of debate at the time of whether or not we should be just decriminalizing all activities relating to cannabis. So – decriminalizing growing cannabis, decriminalizing rolling joints for your friends and selling it to them or giving it to them. Decriminalizing meaning we would just simply remove the criminal laws that related to cannabis but not also try to stand up a regulatory system to govern how cannabis could be produced and distributed for commercial purposes. We could have stopped with just possession. That is the overwhelming majority of arrests that are inflicted on individuals across the country still to this day is for possession. There are many fewer. It's roughly 90% of arrests that are cannabis related are for possession, not the production and sale of it.

We could have just done that, but we were at this interesting time in history back in 2010, 2011, and 2012, when the federal government had recently stated that it had no interest in going after people who were in compliance with state medical cannabis laws. And pioneering entrepreneurs across the country saw that as a bit of a green light to stand up a very robust industry. Some of us may remember back then the numerous co-ops and clubs that proliferated across communities with neon cannabis leaf signs, and it started to create some friction with certain neighborhoods who are concerned about what appeared to them to be less of an authentic medical cannabis system, and one that was allowing a great deal of illicit questions. Is this really a medical transaction that is happening?

And so, there was this opportunity that was presented to us to introduce the idea that we can actually regulate cannabis, we can regulate its production and sale. And we actually focused that intent on the medical side of cannabis. There was a bill that was passed in 2011, Senate Bill 5039, I believe. Although, I'm sure some of the people on the call will correct me on that. But it was a bill that was passed that stood up a regulatory system just for medical cannabis. And it was line item vetoed by the Governor at that time, Governor Gregoire, out of concerns that the federal government would come in and potentially arrest and prosecute state employees who were trying to implement this law. And the feeling by many of the people that had worked on that was one of frustration and a perception that there was a lack of understanding that the intent here was to create a responsible regulatory system for a product that was not going away, regardless of whether people were using it for medicinal purposes or for recreational purposes.

This is a product that has been in our communities for centuries, and it's not going anywhere. So why don't we think of a more productive way to regulate it and try to address the public health concerns that we have than treating it as though its consumption is a crime, and you should be arrested, prosecuted, and saddled with lifelong hurdles to engagement in society? So a window was opened for us that we

were not expecting, and that is when we decided to pivot from an idea that we would simply try to decriminalize possession and/or stand up a regulatory system just for medical uses of cannabis, and actually try to craft the first full legalization and regulation model in the United States.

Chair Postman: I'll pause and let others jump in here. Jim? Ollie?

Member Vollendroff: I have a quick question, David.

Chair Postman: Okay. Go ahead, Jim.

Member Vollendroff: Alison, it's great to see you. It's been a while. And I actually have been thinking a lot about our early on conversations back in 2002. And one thing I was always impressed about was the focus on public health and recognizing, okay, yes, this has had a huge impact on racial justice, and that is a really good reason for us to move forward. It's not going anywhere, so how can we regulate this in a positive way? And there was always a recognition that we wanted to keep product out of the hands of young people. And I really appreciate that and have been impressed with the industry since I've become a member of the Board with that same philosophy. Everybody that I've talked to agrees on keeping product out of the hands of young people.

You know, early on, there were provisions around investments in prevention, research, and treatment that were written into 502, as I recall. And I am curious about your thoughts about where we are now versus what was in the original bill, and what thoughts you have about an obligation of making sure that some of the revenue that comes in is used for research, prevention, and treatment. Just some thoughts on that. And again, it's really good to see you.

Ms. Holcomb: It's so good to see you, too. And I want to thank you for all of the excellent advice that you gave us in how to think about how you build in the guideposts for how we continue to develop and refine increasingly effective strategies for prevention, especially youth initiation of cannabis use and any intoxicating substance or mood-altering substance, anything that is impacting the brain of a growing person. And your input was invaluable into thinking about what needs to be in the initiative, and what do we need to create space to mature going forward? We continue to vastly underinvest in prevention. At the time that we were drafting Initiative 502, I think that the best research that we were looking at proved that every dollar spent on prevention was worth the money spent in incarcerated strategies or even in treatment because, obviously, an ounce of prevention versus a pound of cure. It holds true and especially in this context.

And so when we think about prevention, yes – absolutely keeping cannabis out of the hands of youth is critical to us. And also, and perhaps even more so, helping youth make the choice that they are not really interested in initiating cannabis use as young people. At the time, we were looking at the research that had been done on the success of thetruth.com campaign in reducing tobacco initiation by youth, and for us, that became a touchstone. What would it look like if we spent a great deal of money on creating the gold standard strategy for figuring out how to engage youth? What do they actually listen to? What is actually persuasive to them? How do we respect and recognize their intelligence, and when provided solid information will make choices for themselves that preserve their own health that protect their own health?

I fear that what we have seen a little bit is that there is a constant battle every year to make sure that more funding isn't funneled off to law enforcement strategies to police the marketplace and/or other policing outside of the marketplace. We really have at the core of I-502 the value that this is about ending

what's bad for our communities and shifting us to strategies that are good for our communities. And continuing to focus on punishment and incarceration and penalties has never proven to be good for communities, especially in the context of people's use of intoxicating substances. Investing in the health of those communities in smart ways. We have learned so much about prevention.

Now, I don't need to tell you that "just say no" didn't work. But we have come a long way, and we need to be investing more money in testing and piloting every new strategy that we can that is focused on how we protect and promote health and assessing and evaluating whether or not strategies we have adopted are actually successful. That was one of the partnering provisions with those investments in new strategies for addressing cannabis was also an investment in third-party evaluations. We put that with Washington State Institute for Public Policy. I think that can be shifted in other places too, but really holding ourselves accountable for the policies that we are testing is important. So we really do need to have third-party independent evaluation of every policy change that we make in this new and evolving industry.

Member Vollendroff: Yes, super important. Hey, you mentioned young people in your comments. And one of the things that I have really pivoted towards in the last 10 years, so, since we have actually talked significantly about any of this, is the involvement of young people in public policy and public policy decisions is an area that I have really focused on. And I am wondering if the ACLU involves young people in public policy discussions. And, if so, what value do you see in agencies like the Liquor and Cannabis Board in engaging young people in public policy discussions related to cannabis, alcohol, tobacco, and vaping products?

Ms. Holcomb: That is such a great question. I love that question. You know, we have engaged with youth in what are traditionally considered youth policy areas. So, engaging with them around juvenile detention, engaging with them around school discipline and in policies in their schools that are marginalizing students but leading with that idea that here's the bucket of youth issues. We have in our drug policy work engaged with primarily the adults who are working with youth and developing youth, but I love this idea of engaging directly with youth in assessing these policy choices because they are the ones that we are trying to craft the policy for. And if we are not hearing their perspectives, we are going to continue to fail or at least stub our toes and not deliver everything that we could.

Member Vollendroff: Great. Thank you.

Chair Postman: Ollie, go ahead.

Member Garrett: This is going back to the first conversation on prevention. What are you seeing? Are you aware of the difference, if any, with youth between cannabis and liquor/alcohol on prevention?

Ms. Holcomb: I hesitate to talk about the data on that specifically, only because it has been a minute since I have looked at it. And I also want to acknowledge the confounding factors of COVID and what young people have been grappling with as their schools have been shut down, as they have been dealing with isolation, as they have not had the same access to socially protective environments. When I was looking at the Healthy Youth Surveys before COVID hit, what I was noticing was that we were not seeing a spike in cannabis use among 8th, 10th, and 12th graders.

There were some increases, I think, in a couple of ages, that we are roughly within the margin of error over trend lines. And I think I could be wrong about this, and I will apologize right now, but my recollection is that youth alcohol use might have been decreasing a bit. I think it's still too early for us to assess whether or not there is any sort of substitution effect among young people and their decision to

experiment with or use on a more regular basis intoxicating substances. So, I am just going to stop there. I apologize that I don't have a better handle on the data for you.

Chair Postman: Rick has a question.

Rick Garza: Hi, Alison. Good to be with you again. You know, you said you didn't consult with us, but we did consult with you immediately after the initiative passed. And we are really trying to understand what the intent was. And I think it's a great opportunity to educate folks because the biggest question that we get from folks are certain aspects of the initiative, and why are they different than what the other states have done? There are four states that will be voting next week. I think we are up to 21 states adult use. All but three of those states have medical. It's amazing that that is happened in the last 10 years. What is also amazing is we have had no movement from the federal government. But let me just be specific about a couple of things, Alison, because I remember asking you this nine years ago. You don't allow vertical integration, and that is very unique to what the other states are doing.

I think California and New York have pieces of that. But I remember asking you specifically. You used the old liquor model where you didn't want to have financial interest between the producer-processor tier, the growers, and the retailers. It's the old alcohol model. And I remember asking specifically because here you had a medical program that was totally vertically integrated, and yet, the initiative did not do that, which meant it would take three years to merge both. And I have a quick question about that, but I want to make sure everyone else gets a chance. But remind us, because other states have always asked that question when they meet with us, and all of them have. Why not allow vertical integration? And I can share, that has created some struggles for us here. But I remember what you told me those years ago. So please share that with us because it's a very significant difference to the other states.

Ms. Holcomb: Absolutely. Thanks. And so good to see you, Rick. Thank you again for the invitation to meet with you all today. So, the thinking behind including the tied-house rules in the original draft of I-502 was to take as conservative and protective an approach as possible to minimizing the risk of exploitation of the consumer and incentives to increase excessive use by the consumer. The tied-house rule, as you know, was based on trying to prevent alcohol manufacturers from owning the bars where customers would come in and maybe get a free sandwich along with whatever alcoholic product they purchased, and that the alcohol manufacturers had a direct interest in increasing excessive use of alcohol by their customers. I think that in the context of large businesses, and I think we are seeing increasingly large cannabis businesses across the country, that still makes sense.

Obviously, there is a difference in the current cannabis industry in that we don't see on-site consumption in social clubs, for example, or in bars. And so the analogy is imperfect. A second issue, though, and this is especially true here in Washington state, where we have a relatively limited number of retailer licenses available, is that vertical integration really cuts into our ability to create an economically equitable marketplace. Right now, retailers have lopsided power over who can actually make a living in the cannabis industry. Because there is a limited number of licenses, producers and processors are a bit at the mercy of retailers with respect to what they can charge for their product, because there are only so many retail outlets that these producers and processors can sell to.

Where the cannabis industry is right now is really in favor of the investor-owner. And what I would love to see is for our marketplace to evolve to have more owner-operators. And I would say that it's time to evolve the tied-house rule, specifically to have the legislature pass the craft license option so that small businesses where you have a cannabis producer actually delivering their goods through their own outlet. That is a model that would allow for greater economic equity within the marketplace and also avoids the

risk of having very large investor-owner businesses pushing product and in the valuation of profit over long-term relationships with customers and an actual genuine interest in the product that they are producing.

Mr. Garza: And, Alison, that is exactly what the Legislature did in the 70s and 80s to help small breweries, small wineries, gave them distribution rights, gave them retail privileges, and we have talked about that here. We actually sponsored a bill a couple of years ago to give small growers the ability to sell to medical patients, which would be at least a beginning, and I was interested in what you had to say. It's interesting that there was a retailer in Yakima and Vancouver a couple of years ago that shared with us because we don't allow vertical integration. Then we had much more product available. Because when you grow, you process, and you can't retail. Typically, that is only your product that you're concerned about selling. And that compared to Oregon and other states, the SKUs in our stores outnumber most of the other states with respect to products. So consumers are happy when they walk into our retail shop that there is a lot to choose from. Thank you, Alison.

Ms. Holcomb: Thank you.

Chair Postman: Alison, you want to go back to the medical piece of this? What was your thought of how the pre-existing medical system would integrate into this new strictly regulated recreational market? Was that going to be sort of homogenized as one? How is it supposed to work?

Ms. Holcomb: Right. So I have to start my answer with acknowledgment of my personal bias that came from having been a criminal defense attorney for over a decade and representing a large number of people who were in the illicit cannabis industry at the time, and there were also a great number of medical patients who were trying to navigate the rules about what was okay for them to produce at home, where they could go if they were unable through disability or their living circumstances to produce their own cannabis for medicinal purposes and, frankly, witnessing what felt to me like exploitation of patients who are in very vulnerable positions. And there were some, a few, not all, there are some wonderful, wonderful people who were operating cannabis co-ops and doing so very ethically and lovingly, frankly, with respect to both the product that they were making available to patients and to finding a way to get the product to the patients who needed it.

But it only takes a small handful of people who are more interested in taking advantage of a situation in which the risk of being arrested and prosecuted as a cannabis patient was incredibly stressful and traumatic for a lot of individuals. And there was some abuse, frankly, of I'll say the latitude, that was given by some local governments to people operating in these gray margins of the medical cannabis industry. So from my perspective, the most important thing to do was to bring regulation to the cannabis industry. And again, we started with medical and wanting to have the Department of Health create a regulatory system and actually be monitoring for the use of pesticides and producing cannabis, for example, and other growing practices that were dangerous for people who had seriously compromised health.

And so, that is where we were focused when we expanded from regulating the medical cannabis market to a ballot measure that would create just a straight legal marketplace for all adults. The idea was that, yes, anybody that wanted to run a medical cannabis industry could also get a license in this area. And I think what evolved over time was a recognition that there should be some special regulations and opportunities to get license for people that were specifically interested in medical quality products and providing information and greater levels of assistance to patients who are consumers.

Chair Postman: And it seems that because the medical was operating in that gray market area when we started to move to the I-502 market. It, frankly, allowed some in law enforcement to go really heavy on that gray market, it seems to me, whereas we didn't have enough protection. So there was an advantage to them prior to I-502 because they could operate in that gray area. But then it didn't have any of the protections, obviously, of regulation. There was no license you got from the state for that, and law enforcement went after them really hard in that transitional period, which I think we are still struggling with a little bit now. And how do we? And we have tried both in terms of equity question, and can we get licenses in the hands of some of these people who were operating the collectives and also continuing to do some of the things that are in law about what we should have available for medical consumers and trying to make sure there is this DOH compliant material. So, I think we have work on that end, for sure.

Ms. Holcomb: I would like to circle back and just revisit my answer here because I was describing two different categories of individuals who I witnessed as being involved in the medical cannabis marketplace at the time, people through my own personal interactions. Again, these are my personal observations and perspectives seem to be operating in the spirit of the latitude that was given to medical cannabis. And then a different category of people that was much smaller but that I viewed as, frankly, being a bit predatory toward medical patients.

There is a third category that is so important, which I think is actually at the heart of the concern that you have raised, and that is the category of people who were straight up cannabis producers and sellers, and maybe some of what they were selling was to medical patients. Maybe some of it wasn't. But they were not trying to take advantage of medical patients. They were providing this product that is in demand to people who wanted it, and they were taking advantage of what shelter they could from completely irrational, unreasonable, and again, bound in racism, rooted in racist policies.

And far be it from any of us to say that those people are not as deserving of the opportunity to take advantage of the legal marketplace as anybody else. And they make excellent arguments that they above others should be prioritized because they have been in this marketplace for so long. They have been living with the stress of cannabis. They know the cannabis business. They have a trusted customer base. Loyalty is a thing in the cannabis industry. And frankly, I think this is the place where the Board has a lot of power. When we drafted 502, we drafted it so that all criminal penalties and all civil penalties are removed from anything that the Board says. If you are in compliance with Board regulations, if you are validly licensed by the Board, you are not subject to criminal and civil penalties. That is the introductory language to every licensing provision for producer, processor, and retailer.

It starts with whatever the Board says. If it's okay with them, it's not a crime, and there is no civil penalty that applies. So you have all the latitude in the world. You also get to determine how many licenses to issue or whether or not there should be a cap on licenses, frankly. And so, I would encourage the Board to really examine how far it can press to bring more people in and give more people the opportunity to benefit from the ongoing expansion of the marketplace.

Chair Postman: Ollie?

Member Garrett: Alison, are you aware of our social equity plan now and what we have put together for social equity in order to try to do what you're describing?

Ms. Holcomb: Yes. I attended several of the meetings earlier in the year. I haven't attended the most recent ones, but I have a general understanding of the goals and the proposals that have been approved at this point.

Member Garrett: So have you seen now that we have done the CR 103 for the program? Have you had the opportunity to look at the program that we are actually putting together?

Ms. Holcomb: I think I looked at the proposal as it was drafted in narrative form. I have not looked specifically at the 103 document.

Member Garrett: Okay. I think it would be great if you can find the opportunity to look at that and maybe in our next conversations give us your feedback on that.

Chair Postman: We'll send it to you, Alison.

Ms. Holcomb: That would be great.

Chair Postman: Jim, and then Kathy.

Member Vollendroff: Thank you, David. I can tell we are not going to have enough time to ask all of our questions here. I do hope, as Ollie just suggested, the next time we speak is implying that we are going to invite you back I hope at some point.

You brought up a couple things that were really critical to me that I wanted to touch base on, and that was the relationship between the retailers and the customer. And I've been thinking a lot about budtenders. And so when I went on my first ride-a-long and visited a site, and I've actually visited a few retailers and talked to budtenders, and I see a lot of potential between working with budtenders and the community around literacy and around high THC concentration products, and what are the implications of those...

And so, I was wondering, I don't know if the role of budtenders was ever part of I-502 or if that is just how it has evolved over time. But your thoughts about that would be interesting.

And then you said something about the power of the Board and where we are most powerful and all those kinds of things. And then should we consider the number of licenses? I am just curious. You threw that out there. I am just curious about your opinion about the number of licenses we have.

Ms. Holcomb: Sure. I'll answer the second question first because it's a short answer. And absolutely, I think it's time for us to expand the number of licenses and really start to think more broadly about how we make a more equitable marketplace. There are issues with landlord dynamics and the power that they wield over these businesses. Some of this would have to be done through legislation. But is there a reason why we shouldn't experiment with state acquisition and development of properties and fair leasing programs that would address the horrible lopsided leasing proposals that are out there from some of these landlords who realize how hard it is to find a location under the law?

The budtender idea is fantastic. As you know, the best way that we make connections with people is face-to-face, eye-to-eye, having conversations, developing relationships over time, and to the extent that we are encouraging businesses to move in the direction of having educated, invested budtenders who are establishing long-term relationships with customers. And this goes back to my bias in favor of owner-operators over investor-owners, people that actually have skin in the game, who actually care about their customers and not just based on what Yelp reviews say but are really there to establish relationships. And that is one of the best ways to create a trusted education program. Right? At least my perspective, and I am not a public health expert by any stretch of the imagination. But my understanding is that we get

the best results from educational programs that have trusted messengers talking to the audiences that we are trying to reach. And who is more trusted than your nonjudgmental budtender that just wants to make sure you get product that you like, and that you have a good experience, and that you feel happy, and you are well, and you can come back and enjoy the next [audio cuts out] sells you?

Chair Postman: Yes, Thank you. And we hear that from the public health people who came to talk to us about youth use and things. That there is only so much you can do by regulation or labeling or whatever, that an educated consumer is important. Kathy?

Dr. Hoffman: Thank you. Again, Alison, thanks so much for being here. It's been a great conversation so far, and it looks like our conversation is kind of turning prospectively. And I wanted to kind of touch back on something you said about expansion of the market and thinking about expansion of the market product innovation into the next 10 years. Can you share thoughts, ideas, and perspectives on what you think about that?

Ms. Holcomb: Sure. I think what's important first is that when we talk about the expansion of the marketplace that what we mean is an increase of the number of people who are involved in this marketplace and have an opportunity to be involved in this marketplace. We are not talking about expansion of the amount of product that is available that we are trying to sell in the marketplace. That that will happen. The amount of product that we are talking about is going to be driven primarily by demand. Although, certainly, decisions that we make about how we structure the marketplace have an impact on how much weight is given to -- or how much power is given to industry investors who have an interest in enhancing the amount of problematic use there is.

So another rule of thumb from the public health space is that 20% of your users are using 80% of your product, and we want to keep tabs on that, and figure out what are some of the policy choices that we could be making to encourage reasonable use amounts rather than pushing excessive use by a smaller number of people. And I think that is about having more owner-operators coming in, having more licenses available that are focused on advantaging small businesses that are establishing trusted relationships with their consumers where there is more of that personal connection because intoxicating products are different from other products. It matters who is talking to you about the experience that you are having with respect to intoxicating products. We don't have that as much with alcohol.

If you go to a winery, you have a much more of a lingering social conversation with someone about it, and it's about the social experience versus swinging by your liquor store to pick up a fifth and go home and drink alone. And I think we want to, at every opportunity, that we have to increase the number of experiences that people are having with cannabis that are focused more on pro-social interactions, the more success that we will have in creating a new model for introducing an intoxicating substance into a marketplace. We can learn from the lessons of alcohol. At some point, we'll have to deal with the fact that we have given the industry and its lobbyists too much power over our regulators. And that is something I think we are still at a place in the cannabis industry where we can think seriously about that and map out how it can look differently.

Chair Postman: Okay. What you were just saying is fascinating to me, the power dynamics that exist on the liquor side. It's so well-established, right? I mean they have been out there doing this for a long time, even though in our state we redid the system for alcohol. Well, Costco redid the system for alcohol, and then we added cannabis to the portfolio. But I feel like we are at a point, not a tipping point but a junction for sure about what that looks like going forward. And we have a lot of conversations with the industry. You hear a lot. We want to be treated like any other business. And I think that is hard today only because

this is a business the federal government wants to close its eyes to and not really give a fair treatment to. And, hopefully, that will change. Even alcohol is not treated like any other business. It's treated like a business that sells a product that can be harmful.

And the other thing that we face a lot is this question about, are we picking winners and losers? Tier 1 versus Tier 3, or the multiple licensees, vertical? All those things. And I guess, since we have one of the authors here, the prime author, where would you have us go? And does legalization, particularly with the prospect of national legalization or decriminalization, does it just make it inevitable that we are going to be talking about bigger businesses, fewer businesses, bigger businesses, and that power is going to shift? Or should we protect the original intent of the founders of this system?

Ms. Holcomb: Talking to an ACLU lawyer about the founders' intent is always dangerous, especially at this particular time in our nation's history. [cross-talk] So let's [laughter] –

Chair Postman: At least we have a founder who we can talk to and see. But, yes, point taken.

Ms. Holcomb: Let me say this first. We should not treat the cannabis industry or cannabis like any other product or any other business. That would be a failure. When I talk about drug policy, I frequently talk about one of the greatest flaws of the "war on drugs" being the notion that all drugs are the same and treating them all the same and having the same strategy for dealing with the fact that they are in our society. Cannabis is not tomatoes. It's not milk. It's not coffee. And it's okay. One of the things that we need to get used to in this country is talking about intoxicating substances as if they are not all life-devastating vices but each of them has its own profile.

There is a reason that people use cannabis or wine or any other intoxication. Cigarettes, again, to an extent but the same kind of intoxication. But we need to get comfortable with the idea that human beings do engage in activities to alter their mood to deal with stressors, to increase their social confidence, etc. And, there are risks that are associated with not having accurate, adequate information about the choices that you are making when you decide to have a martini or to smoke a bowl. Or we can talk about other drugs because we know that they are in our society as well.

The second thing I want to say is not only do we not want to treat it like any other product in any other business, we also don't want to treat it like alcohol because as we have already said, we failed to kind of create the culture that we would like to see around the use of alcohol. And we have recovered somewhat from Four Loko.

But obviously, we have an industry that is focused now on how we maximize our profit margins. And the way to do that is to get people hooked early and often get them drinking large quantities of alcohol throughout the rest of their life and get brand loyalty, etc. So, we don't want that. Intoxication, first and foremost, is something we would like for it to enhance people's experience of life, and we would also like for it to enhance its social connection to the extent that we are going to acknowledge that intoxication is in part a desire to feel social connection to others in its best sense. When we celebrate the arrival of a child with champagne or a wedding, it is seen as an enhancement to social connection. And I think that should be a guiding principle in how we want to develop the cannabis industry.

That is why I love the idea of the crop license. That is why I love the idea of more people connecting with each other to talk about the products that are being offered, what they do, what's in them, what the risks are, and what else can I tell you about this to make sure that you and I have a trusted relationship around your experience with this product that you will come back? And that will have healthy communities rather

than be pushing at least some segment of our cannabis-using population into a place where they start to get in trouble with it, and we start to see the harms that prohibition -- I was going to say the prohibition was originally adopted to try to deal with, but I don't think prohibition of cannabis was anything other than a racist strategy -- but let's say for the sake of argument that prohibition was designed to try to prevent those public health consequences. We can craft a cannabis industry, I think, that does a better job than either prohibition or the alcohol model.

Chair Postman: Yes. Very good. Thank you. On the sort of social acceptance part when you talk about champagne with a baby or having a martini, I say, often we are not to the point with cannabis in our state where you would see, say an elected official, after a hard day say, "I'm going home and smoke a bowl." They can still say, "I am going to go have a double bourbon," and nobody would blink an eye about that. And that will change. I think it needs to in that sort of acceptance, but it's also part of the reality that we face, that regulators face. There are still people out there that don't like what we are doing, including in our authorizing environment. And that is a struggle sometimes for us.

You know, I would just say for me, is the Board meant to be -- if the voters have said, "We think this should be legal." My view is, yes. Then let's get people used to it. But we have legislators who still don't like it, and I think would undo it if they had the chance. Do you sense a change? I mean, I think it is a change. But what is your feeling on that? Are people "getting it" in Washington State?

Ms. Holcomb: Hey, I think one of the opportunities -- and I hesitate to say that because it's been so horrible for so many families -- but one of the opportunities the pandemic has provided us is the opportunity to really reflect on how harmful isolation is to humans. And when I think about the opportunities in cannabis, I am reminded of one of my favorite cannabis experiences. And some of you will recall that I am not a practiced cannabis user at all. A couple of you may have had the observation to see me cough myself into tears on occasion. I had an amazing experience in Donostia, Spain, when I was there for a conference. They had a social club, where you could have food and cannabis and a glass of wine all in the same location. A private members-only club. So that kind of addresses the concern about there still being some social antipathy towards observed cannabis use.

You could have spaces where people could come together in a social environment and eat a meal, have a glass of wine, and have some cannabis. I found it to be a wonderful social experience. I didn't have very much cannabis or wine, frankly, and enjoyed the food enormously. And it was exactly what I would love for our relationship with this intoxicant to evolve into. I don't want the politician to go home and smoke a bowl by themselves in their living room and watch Netflix. I want them to go and smoke a bowl with their constituents and hear from them about what their constituents need and to be open to that. I mean, I won't get too woo woo on you, but, yes, having some cannabis opens your mind and allows you to think a little more creatively than the box that we live in most days. So, I would encourage us to revisit the idea of social clubs, having some legislation around social clubs, that would allow for us to start developing that responsible, accountable, adult-to-adult social experience around cannabis.

I think people use less when they are in front of other people. It's really easy to knock yourself out on your sofa. But you don't want to knock yourself out in front of your friends in a public place, even if it is a members-only public place.

Chair Postman: Great. Before we wrap up, any last questions from anybody else?

Member Vollendroff: I was just going to make a comment because one of my questions was going to be about social clubs. And so, I'm really glad that you addressed that. It's been an area that I've been

interested in having further conversation, and I've had individuals approach me about that. So I am glad you brought that up.

One last thing. I think Rick mentioned there are a couple of states that are going to be voting here in a couple of days around legalization, and at least two of those states have provisions for personal use and growth of individual plants. Do you have any thoughts about that as we evolve?

Ms. Holcomb: Yes. And I think I had gone on record with the Seattle Times a few years ago, we are well past the time where we need to remove the prohibition on personal home grows. You know, it's been a decade, and this also contributes to market control, etc. Adults ought to be able to grow a personal use amount. Leave it to the Legislature and/or the Board to determine what that is. I actually am less concerned about how much you're growing as to how much you're selling. Right? I mean, we know how to investigate people for selling cannabis outside of a validly-licensed framework. And if we are really concerned about there being large, illicit market, commercial transactions happening, we know how to deal with that. So let's stop pretending that we can't have adults grow their own at home.

Chair Postman: Great. Thank you. You have given us some great ideas. I think change is coming whether anybody wants it or not, and like I said, I think we are at a little bit of a juncture, and we need to be really smart about what we do and how we do it and being inclusive in those conversations. So, thanks for getting us started on this part. We are going to have some other panels, including one with some industry folks in a couple of weeks. It will be interesting to hear their take on some of these things. And the industry, just like everything else, is not a monolith. And there is a diversity of opinion and vision, I think, for the future. It's certainly an interesting time.

So, thanks for your time, and thanks for doing this for Washington State. It really has been an incredible thing, and it's really special for us to have you here talking to us through what that vision was in your head. It's really special. Thanks, Alison.

Ms. Holcomb: Thank you all so much. We created the bare bones of a policy, and you all have run with it. And that is the deepest honor that you embraced it and you took it to new and wonderful places. And I'm so excited to see where the Board takes it in the next 10 years.

Chair Postman: Well, great. We're just going to need you back every week to check-in. [laughter].

Ms. Holcomb: Deal.

Chair Postman: Okay. Thank you, Alison. We'll be talking more in the coming weeks.

Member Vollendroff: Thank you, Alison.

Ms. Holcomb: Thank you.

Chair Postman: And I think what Alison just said is true, too. They created this "bare bones". The voters approved it, and then put it on your desk, Rick, and said, "make it work." And so [cross-talk] –

Rick Garza: Well, it wasn't quite bare, Alison. [Laughter]

Chair Postman: Yeah...

Ms. Holcomb: [Laughter]

Chair Postman: ... and get the federal government to approve it.

Rick Garza: Mm-hmm.

Chair Postman: And Rick has told us about even other agencies after it was passed were going, "oh, not us. We don't want it."

Ms. Holcomb: Yeah.

Chair Postman: So it was not easy. And again, a hat tip to our Governor, who was not one of your supporters of that initiative when it was on the ballot but then understood what it meant when the voters overwhelmingly approved it and fought the good fight with his friends in D.C. at the time. Remember, this was the Obama administration, not Trump, and it was a slugfest. And so, it took all of that. And really, the people inside this agency then could take that vision and put all the words to it in an enforceable way. So, yes, there are some missteps. We are always in a corrective sort of mode, I think, and evolving, hopefully. So it's been fascinating. So, again, thanks.

Ms. Holcomb: Thank you.

Chair Postman: Good to see you.

Ms. Holcomb: Good to see you, too.

BOARD MEMBER AND ADMINISTRATIVE ASSISTANT REPORTS

Chair Postman: And that is the one and only thing that we had on our Agenda today, but we do have time for some Board and administrative assistant reports. First, Gretchen, anything to share today? No. Jim or Ollie? Anything to share or closing thoughts on this topic?

Member Vollendroff: I have nothing.

Member Garrett: Nothing here either.

Chair Postman: Then we'll end. I thought it was a great conversation. Thanks everybody for jumping in.

Next week, we will hear from researcher and public health expert, and our own public health expert will be here, as well, for that part of the conversation. There is some really interesting data available now about usage in our state, specifically, that I think people are going to really find interesting. And then the following week after that, we are putting together panelists of some really sharp industry people from different corners of the industry. And I am really hoping that we'll have some free-flowing conversation there. And there will be a lot of things that came up today that will come up next week that I think will spur some conversation. So, I am really looking forward to it all.

Thanks, everybody. And we do have a Board meeting tomorrow. So we will be back here at 10:00 tomorrow. Right? No?

Gretchen Frost: No.

Chair Postman: We *don't* have a Board meeting tomorrow. [Laughter] We are not going to be back here tomorrow. I have a Board staff meeting tomorrow, which is different. You're not invited to the Board staff meeting. You should have seen the look on Gretchen's face when I said that. [Laughter]

Member Vollendroff: I was just looking at my calendar real quick. [Laughter]

Chair Postman: That's what I didn't do. I think I do that probably every other week I mess that up. There is one of my to-dos, to look at the calendar before I talk. [Laughter]

Thanks, everybody. We are adjourned

Meeting adjourned at 11:03 am.

Minutes approved this 24th day of May, 2023.



David Postman
Board Chair



Ollie Garrett
Board Member

Not Present

Jim Vollendroff
Board Member

Minutes Prepared by: Dustin Dickson, Executive Assistant to the Board