



## Washington State Liquor and Cannabis Board Meeting

Wednesday, October 9, 2024, 10:00 am  
This meeting was held in a hybrid environment

### Meeting Minutes

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#### 1. CALL TO ORDER

*Chair David Postman called the regular meeting of the Washington State Liquor and Cannabis Board to order at 10:00 am on Wednesday, October 9, 2024. Member Ollie Garrett and Member Jim Vollendroff were also present.*

#### 2. RULEMAKING TIMELINES – ALL INDUSTRIES

**Cassidy West, Policy and Rules Manager**

Cassidy West provided a high-level overview on two new rule petitions and timeline adjustments.

#### 3. GENERAL RULEMAKING

##### **ACTION ITEM (3A) - Board APPROVAL of CR 101 FOR Acceptable Identification**

**Jeff Kildahl, Policy and Rules Coordinator**

Jeff Kildahl, Policy and Rules Coordinator, began the briefing with materials (HANDOUT 3A), and presented a CR 101 pre-proposal statement of inquiry regarding what forms of identification that liquor licensees may accept to verify a customer's age. This rulemaking will consider updates to WAC 314-11-025 for Alcohol Acceptable Forms of Identification and will consider minor changes to other rule sections regarding alcohol verification. In addition, this rulemaking will consider amending the similar list of the acceptable forms of identification for cannabis customers as well contained in WAC 314-55-150.

**Member Ollie Garrett moved to approve the filing of proposed rules CR 101 for Acceptable Identification. Member Vollendroff seconded. The motion was approved unanimously.**

#### 4. CANNABIS RELATED RULEMAKING

##### **ACTION ITEM (4A) - Board Approval of CR 101 for Employee Stock Ownership Plan (ESOP)**

**Justin Nordhorn, Policy and External Affairs Director**

Justin Nordhorn, Policy and External Affairs Director began the briefing with materials (HANDOUT 4A), and requested approval of the CR 101, which is a pre-proposal statement of inquiry for rule development related to Employee Stock Ownership Plans, also known as ESOPs.

This request follows up on a rule petition the Board approved in May of 2024. The petition for rulemaking was submitted March 2024 from the Washington CannaBusiness Association, also known as WACA, requesting to amend the True Party of Interest (TPI) rules for cannabis licensees. More specifically, the petitioner requested WAC 314-55-035 to expressly permit the use of ESOPs by cannabis licensees. An ESOP is a trust fund that owns all or part of a company, is federal regulated under the Employee Retirement Income Securities Act of 1974, and grants shares to employees. The CR 101 is the next step in the process after a petition is approved.

ESOPs are recognized under federal tax law as qualifying defined contribution retirement plans. An ESOP must be designated to invest primarily in qualifying employee employer securities and meet certain other requirements. The IRS and United States Department of Labor shared jurisdiction over some of the ESOP features.

Mr. Nordhorn noted that although this topic is not present in the Social Equity in Cannabis Program rule development, in the effort to evaluate different policy changes and impacts as they relate to equity, the team found a relevant study on ESOPs.

The Rutgers University Institute for the Study of Employee Ownership and Profit-Sharing study, titled Building the Assets of Low and Moderate Income Workers and Their Families: The Role of Employee Ownership, finds that being part of an Employee Stock Ownership Plan can have life-changing effects for those employees. So, in terms of overall findings, the author concluded that ESOPs support wealth building for low and moderate income employees in the following ways: increasing retirement security, supporting leadership and skill development, supporting retirement and helping financial inheritances, reducing, although not eliminating, gender and race wealth inequities, enhancing quality of work life and work family balance, and improving overall economic and social stability.

**Member Vollendroff moved to approve the filing of proposed rules CR 101 for Employee Stock Ownership Plans. Member Garrett seconded. The motion was approved unanimously.**

**ACTION ITEM (4B) - Board Adoption of CR 103 for Implementation of Engrossed Second Substitute Senate Bill (E2SSB) 5367 Concerning the Regulation of Products Containing TLC Cassidy West, Policy and Rules Manager**

Cassidy West, Policy and Rules Manager, began the briefing with materials (HANDOUT 4B) to request the Board's approval to file the CR 103 to implement the THC Bill provisions. The purpose of the Legislation was to address the rise in intoxicating THC compounds in products that emerged onto the market in response to the unintentional loophole that was created by the 2018 Farm Bill. The Legislation expanded LCB's authority to regulate other THC compounds, not only delta-9, and it significantly impacted how THC products are regulated. The Legislation became effective on July 23, 2023, and several changes were made, including changes to definitions. The definition of THC concentration was amended to include other forms of THC, not just delta-9, the definition of cannabis products was expanded, and there are new definitions of package and label, so the rules must be revised in order to align with those requirements.

**Member Garrett moved to adopt CR 103 for Implementation of Engrossed Second Substitute Senate Bill (E2SSB) 5367 Concerning the Regulation of Products Containing TLC. Member Vollendroff seconded. The motion was approved unanimously.**

## **PUBLIC HEARING (C)**

### **4C – Hearing Regarding Cannabis Sampling (WAC 314-55-096) Cassidy West, Policy and Rules Manager**

Cassidy West, Policy and Rules Manager, reviewed the process leading to the public hearing on proposed rules for cannabis sampling to amend WAC 314-55-096 and highlighted the major changes.

This rulemaking was initiated in response to a petition that was submitted by WACA in 2022. The biggest change is a somewhat revised framework, where vendor samples and educational samples have been collapsed into a single category, trade samples. These samples can be used for the same purposes, to negotiate sales on new products that the retailer isn't currently carrying, to educate budtenders on new products being offered for sale, and then a new allowance where these products can be used for educational purposes for budtenders on existing crops.

Other changes included the adjustment of trade sample units and provision limits, sample jar requirements that were changed, and a new labeling requirement that was added, a sticker stating, "Trade Sample Not For Resale".

*Chair Postman opened the public hearing and invited citizens to address the Board. The Board heard from one person:*

Vicki Christophersen

*For full detail of public comment, the meeting recording is available on the LCB website.*

Chair Postman closed the public hearing and thanked everyone for their input.

## **6. GENERAL PUBLIC COMMENT**

*Chair Postman invited citizens to address the Board regarding any issues related to LCB business. The Board heard from two people:*

Christopher King

Vicki Christophersen

*For full detail of public comment, the meeting recording is available on the LCB website.*

**ADJOURN**

Chair Postman adjourned the meeting at 10:42 a.m.

Minutes approved this 20th day of November, 2024.



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David Postman  
Board Chair



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Ollie Garrett  
Board Member



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Jim Vollendroff  
Board Member

Minutes prepared by: Deborah Soper, Administrative Assistant to the Board

*Complete meeting packets are available online: [http://lcb.wa.gov/boardmeetings/board\\_meetings](http://lcb.wa.gov/boardmeetings/board_meetings)  
For questions about agendas or meeting materials you may email [gretchen.frost@lcb.wa.gov](mailto:gretchen.frost@lcb.wa.gov) or call 360.664.1656*

**LCB Mission** - Promote public safety, public health, and trust through fair administration, education, and enforcement of liquor, cannabis, tobacco, and vapor laws.