



# Washington State Liquor Control Board

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## Washington State Liquor Control Board Meeting

Wednesday, September 4, 2013, 10:00 a.m.  
Headquarters Building  
3000 Pacific Avenue SE, Olympia WA 98501

### Meeting Minutes

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#### CALL TO ORDER

Chair Sharon Foster called the regular meeting of the Washington State Liquor Control Board to order at 10:00 a.m. on Wednesday, September 4, 2013. Member Ruthann Kurose and Member Chris Marr were also present.

#### APPROVAL OF MINUTES

MOTION: Member Kurose moved to approve the August 21, 2013, meeting minutes as presented.

SECOND: Member Marr seconded.

ACTION: Motion passed unanimously.

#### APPROVAL OF MINUTES

MOTION: Member Kurose moved to approve the August 28, 2013, meeting minutes as presented.

SECOND: Chair Foster seconded.

ACTION: Motion passed unanimously.

#### ACTION ITEM

##### **Board Approval to File Supplemental CR 102 for Proposed Rules to Implement I-502**

Karen McCall, Agency Rules Coordinator, began with an overview noting that a CR 102 was filed with proposed rules on July 3, 2013. During the week of August 5, 2013, the Board held five public hearings throughout the state. The Board received 126 written comments on the proposed rules and over 150 comments at the public hearings. Based on the comments received on this rulemaking, staff recommended substantial changes to the proposed rules. Changes require the Board to file a supplemental CR 102 with the Code Reviser's Office. She then provided the timeline.

September 4, 2013	Board asked to approve filing supplemental CR102 with revised proposed rules
September 18, 2013	Code Reviser publishes notice - LCB sends notice to rules distribution list
October 4, 2013	End of written comment period
October 8/9, 2013	2 Public hearings will be held (proposed locations - Seattle/Spokane)
October 16, 2013	Board is asked to adopt rules
October 16, 2013	Agency sends notice to those who commented at public hearings and in writing
October 16, 2013	Agency files adopted rules with the Code Reviser (CR 103)
November 16, 2013	Rules will be effective (31 days after filing)

Ms. McCall then outlined the proposed changes noting that she would only present on the sections that changes have been proposed.

New Section WAC 314-55-010 Definitions

Revised definition of "public park" and "recreation center or facility". Added definitions for "batch" and "plant canopy".

New Section WAC 314-55-015 - General Information about Marijuana Licenses

Includes basic requirements to receive a marijuana license. This rule also includes language on what the board will not approve for a marijuana license. Deleted subsection (12), "The Board may determine the maximum amount of marijuana and marijuana infused products a marijuana licensee may have on their licensed premises at any time."

New Section WAC 314-55-050 - Reasons the Board may Seek Denial, Suspension, or Cancellation of a Marijuana License Application or License

A list of reasons the Board may deny, suspend, or cancel a marijuana license application of license. Revised how the 1000 foot buffer will be measured.

New Section WAC 314-55-075 - What is a Marijuana Producer License and What are the fees Related to a Marijuana Producer License?

Explains what a marijuana producer license is allowed to do, the fees for the license, State the applicant is responsible for paying the fees required by the vendor for fingerprint evaluation. Explains the 30-day calendar window for applying for a marijuana license. Added language to define maximum production by square feet of plant canopy. Created 3 tiers of production by square feet of plant canopy. Limited the number of licenses any one person or entity may hold. Set maximum amounts of marijuana a producer may have on their premises at any given time.

New Section WAC 314-55-077 - What is a Marijuana Processor License and What are the Fees Related to a Marijuana Processor License?

Explains what a marijuana processor license is allowed to do, the fees for the license, State the applicant is responsible for paying the fees required by the vendor for fingerprint evaluation. Explains the 30 day calendar window for applying for a marijuana license. Added language that allows processors to blend useable marijuana. Limited the number of licenses any one person or entity may hold. Set maximum amounts of marijuana a processor may have on their premises at any given time.

New Section WAC 314-55-079 - What is a Marijuana Retailer License and What are the Fees Related to a Marijuana Retailer License?

Explains what a marijuana retailer license is allowed to do, the fees for the license, State the applicant is responsible for paying the fees required by the vendor for fingerprint evaluation. Explains the 30-day calendar window for applying for a marijuana license. Prohibits sales below acquisition cost. Added

language prohibiting internet sales and delivery. Set maximum amounts of marijuana a retailer may have on their premises at any given time.

New Section WAC 314-55-081 - Who can Apply for a Marijuana Retailer License?

Explains how the number of marijuana retailer licenses will be determined. Revised. Added language explaining the method used to determine the number of retail outlets allowed by county and the most populous cities within the county. Limited the number of licenses any one person or entity may hold.

New Section WAC 314-55-082 - Insurance Requirements

Includes language requiring all marijuana licensees to carry commercial general liability insurance issued by an insurance company authorized to do business in the state of Washington and that has a rating of A – Class VII or better. Added language setting the amount of insurance required and require the Board be named as an additional insured.

New Section WAC 314-55-083 - What are the Security Requirements for a Marijuana Licensee?

Establishes security requirements for a marijuana licensee to include: display of identification badges; alarm system; surveillance system; and traceability system; start-up inventory for marijuana producers; samples. Revised. Changed the 72 hour quarantine to 24 hours. Removed the requirement to enter into the traceability system the application of pesticides, soil amendments, fertilizers and other crop production aids. Added sample size language for sample sizes a processor may provide to a retailer. Added language to allow producers and processors to sample their own product for quality. Set sample size limits.

New Section WAC 314-55-084 - Production of Marijuana

Lists specified soil amendments, fertilizers, other crop production aids, and pesticides that may be used in the production of marijuana. Revised. Added allowance for the use of commercial fertilizers registered by WSDA. Added allowance for the use of potting soil and other growing media available commercially in Washington State.

New Section WAC 314-55-095 - Marijuana Servings and Transaction Limitations

Includes marijuana dosage and transaction limitations. Revised. Added language for the amount of a single unit of marijuana infused extract. Added single transaction limit for marijuana infused extract.

New Section WAC 314-55-097 - Marijuana Waste Disposal – Liquids and Solids

Explains the methods for disposal of marijuana liquid and solid waste. The language was provided by the Dept of Ecology. Revised. Changed notification for disposal of waste from 168 hours to 72 hours.

New Section WAC 314-55-102 - Quality Assurance Testing

Explains what type of quality assurance tests will be required on specific product types and the sample sizes needed to complete those tests. This language was developed with feedback from labs that currently do quality assurance testing and third parties of interest. Revised. Added language for labs and testing.

New Section WAC 314-55-105 - Packaging and Labeling Requirements

Explains what is required for packaging and labeling on useable marijuana and marijuana infused products for sale to consumers. The language was suggested by the states of Oregon and Colorado and includes child resistant packaging in accordance with Title 16 CFR 1700 of the Poison Prevention Packaging Act. Language was also suggested by the Department of Agriculture to comply with the version of NIST Handbook 130, Uniform Packaging and Labeling Regulation adopted in WAC 16-662.

Revised. Marijuana producer must make quality assurance test results available to any processor purchasing the product. Label requirements for lots of marijuana. Changed what is required on labels (removed CBDA, CBN, and CBC)

New Section WAC 314-55-155 - Advertising

Limits each marijuana retail premises to one sign identifying the outlet by the licensee's business name or trade name visible from the public right of way. The sign is limited to 1600 square inches. Includes restrictions on what is allowed in any advertising of marijuana in the state of Washington. No outdoor advertising is allowed within 1000 feet of specific types of businesses. No giveaways, coupons, and distribution of branded merchandise to persons under 21 years of age. Revised. Added additional advertising requirements. Added warnings that must be included on all types of advertising.

New Section WAC 314-55-160 - Objections to Marijuana License Applications

Explains the process for objections to marijuana license applications. Revised. Added language that objections to applications must be based on chronic illegal activity for the board to give substantial weight to the objection.

New Section WAC 314-55-165 - Objections to Marijuana License Renewals

Explains the process for objections to marijuana license renewals. Revised. Added language that objections to applications must be based on chronic illegal activity for the Board to give substantial weight to the objection.

New Section WAC 314-55-535 - Group 4 Marijuana Producer Violations

Lists violations that involve the manufacture, supply, and/or distribution of marijuana by marijuana producer licensees and prohibited practices between a marijuana producer licensee and a marijuana retailer licensee and the penalties associated with those violations. Revised. Added a monetary penalty in addition to the destruction of plants.

The Board Members then shared their perspectives on the process.

Chair Foster first thanked the citizens of the state that helped guide this history-making process and encouraged additional feedback during the next two hearings in October. She also acknowledged the memo to Governor Inslee received last week from the federal government which mirrored the goals set by Washington State. She hopes this will encourage a pathway to a strong, emerging system to our financial institutions in the state. Chair Foster closed by thanking LCB staff for their tireless efforts during this lengthy process.

Member Kurose began her statement noting that the Board supported the postponing of the final rules due to the important feedback received through public testimony and written comments. She commended staff for reviewing each comment carefully and considering every possibility and impact for all stakeholders, especially surrounding public safety. She addressed health and criminal justice disparities and is hopeful that there will be a strong approach to balancing these concerns noting that the LCB will be partnering with the Department of Health and Department of Social and Health Services to ensure we create a safe system with strong public education and prevention. She again thanked the LCB staff and noted that there is still much to be done. She closed by thanking the stakeholders who took the time to offer their feedback in such a constructive way.

Member Marr joined the other two Board members in their appreciation to the LCB staff who invested countless hours of hard work. He also acknowledged Karen McCall and Ingrid Mungia as they are the

two that crafted the complicated language of the rules. He then pointed out some of the stronger sections of the rules including retail & producer licenses caps ensuring the market will not be dominated by larger entities, retail outlet dispersion to avoid clustering, the 3 tiers which will help drive down costs, and reasonable limits to extracts. Member Marr stated that we have met our goals to devise a system that balances access with public safety adding that last week's significant announcement from the federal government aligning with Washington State illustrates that we have developed a tightly regulated approach. He does not foresee the process being delayed further. He believes the most significant issue remaining will be the challenge of the banking system but he feels confident about moving ahead and launching this system in 2014.

Chair Foster closed by stating that we are making history and should all be very proud.

MOTION: Member Kurose moved to approve to file the Supplemental CR 102 for Proposed Rules to Implement I-502.

SECOND: Member Marr seconded.

ACTION: Motion passed unanimously.

## NEW BUSINESS

No new business reported.

## OLD BUSINESS

No old business reported.


Before the meeting adjourned, Chair Foster informed the guest that there would be media availability immediately following the Board meeting.

## ADJOURN

Chair Foster adjourned the meeting at 10:35.

Minutes approved this 11 day of September, 2013

  
Sharon Foster  
Board Chair

  
Ruthann Kurose  
Board Member

  
Chris Marr  
Board Member