

SENATE BILL REPORT

SB 5671

As of January 19, 2022

Title: An act relating to the composition of the Washington state liquor and cannabis board.

Brief Description: Modifying the composition of the Washington state liquor and cannabis board.

Sponsors: Senators Stanford, Rivers, Hasegawa, Mullet and Wilson, C..

Brief History:

Committee Activity: Labor, Commerce & Tribal Affairs: 1/19/22.

Brief Summary of Bill

- Adds two voting and four nonvoting members to the Washington State Liquor and Cannabis Board.

SENATE COMMITTEE ON LABOR, COMMERCE & TRIBAL AFFAIRS

Staff: Matt Shepard-Koningsor (786-7627)

Background: In 1934, Washington Governor Clarence Martin signed the Steele Act into law. The Steele Act established the Washington State Liquor Control Board. Until 2011, the Liquor Control Board oversaw state-operated liquor stores in addition to numerous contract liquor stores. In 2015, as part of the Cannabis Patient Protection Act, the Liquor Control Board was renamed to the Liquor and Cannabis Board (LCB). Today, the LCB regulates liquor, tobacco, vapor, and cannabis products in Washington through a number of divisions. These divisions report to the LCB's deputy and agency directors. The LCB is administered by a three-member board (Board) appointed by the Governor and confirmed by the Senate for six-year staggered terms. The Governor may appoint one of the members as chair of the Board, and a majority of the members constitutes a quorum of the Board.

Summary of Bill: Two voting members are added to the Board. In addition, there shall be

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four nonvoting ex officio members from the Legislature consisting of:

- two members of the Senate, one from the majority political party and one from the minority political party, both to be appointed by the president of the Senate; and
- two members of the House of Representatives, one from the majority political party and one from the minority political party, both to be appointed by the speaker of the House of Representatives.

The ex officio members' terms must be for two years, or for the period in which the appointee serves as a legislator, whichever expires first. Ex officio members may be reappointed. Vacancies must be filled in the same manner as original appointments are made. Ex officio members may receive certain reimbursements relative to Board business, which must be paid from the Dedicated Marijuana Account.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: Yes.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The Legislature passed a bill in 2018 that would begin reform at the Liquor and Cannabis Board (LCB), which also would protect children and the burgeoning cannabis industry in Washington. This bill is the next step because the LCB has ignored the message sent in 2018. Cannabis policy is changing rapidly and LCB would benefit from having more connection with the Legislature. This bill would further reshape the culture of LCB. The Oregon Liquor and Cannabis Commission has seven members. As a cannabis consultant, I notice a fraught relationship between LCB and the industry. Agencies need to evolve. Adding ex officio members would be helpful to the board. The bill increases access to government and access to educate legislators. There is nothing wrong with having more competency and input to the board. Many of LCB's policies do not align with legislative intent. The bill would provide balance to the board. The bill does not go far enough to fix the agency but it helps. We need a new board with experts.

CON: This is a cynical effort to politicize the regulatory authority of LCB. LCB is serving the black and brown community well and we would like to see that composition continue. The board has made it work with three members and we do not meet in private. There is a deep misunderstanding of what LCB does today. LCB handles many more cases than the Gambling Commission.

OTHER: With a short session, we have some concerns on this bill. We are always up for open conversations on how to improve our state regulatory agency. Any changes to LCB would greatly affect the wine industry. In recent years, we've seen improvement at LCB

and the agency's shift toward education over enforcement. The current board structure is working. We should keep this in the community and as the board grows, it will become harder to communicate.

Persons Testifying: PRO: Senator Derek Stanford, Prime Sponsor; Senator Ann Rivers, Co-sponsor; Christopher Marr, Govt. Affairs; Andy Murphy; Troy Peterson, Apex Cannabis/WACA; Vicki Christophersen, Washington CannaBusiness Association; David Otto, Martin Davis PLLC; Ty Camp, Sunshine Farming; John Jung, Self; Ryan Espegard; Becca Burghardi, NWCS.

CON: John Worthington; David Postman, Liquor and Cannabis Board; Christopher King; James Shelton; Paula Sardinias, WBBA/FMSGs; Micah Sherman; Caitlein Ryan, The Cannabis Alliance.

OTHER: Brionne Corbray; Josh McDonald, Washington Wine Institute; Annie McGrath, WA Brewers Guild.

Persons Signed In To Testify But Not Testifying: No one.