



**Washington State
Liquor Control Board**

**Board Business Advisory Council
Meeting Minutes
April 21, 2010**

Business Advisory Council Members Present:

<p>Stakeholders: Jean Leonard, , Washington Wine Commission/Institute Heather McClung, Washington Brewers Guild Teresa Hancock, Contract Liquor Stores Paul Schieck, Washington State Sports & Entertainment Facility Operators Association Mark Levine, Distillers Representatives Association of Washington Phil Wayt for John Guadnola, Washington Beer & Wine Wholesalers Association Jan Gee, Washington Food Industry Anthony Anton, Washington Restaurant Association Jeannie Lee, Korean-American Grocers Association</p>	<p>Liquor Control Board: Sharon Foster, Chair Ruthann Kurose, Board Member Pat Kohler, Administrative Director Rick Garza, Deputy Administrative Director</p>
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Additional stakeholders and LCB Employees: Rogers Weed, Dept of Commerce; Phil Wayt, Susan Danby, Jeff Gombosky, Randy Simmons, Alan Rathbun, Pat McLaughlin, Jennifer Skoda and Frances Munez Carter.

Welcome

Liquor Control Board Chairman Sharon Foster welcomed the Business Advisory Council (BAC) Members. Introductions were made and Chairman Foster then turned over the meeting to Rogers Weed from the Department of Commerce.

Rogers Weed, Director, Department of Commerce

Director Weed gave us an update on the state of the economy and the status of the creation of short and long term jobs. See attached presentation for details. Feel free to contact Rogers with questions or to give him feedback at Rogers.Weed@Commerce.gov.

Anthony Anton – Anthony shared that since December 09 sales are up but cash flow is now a concern for Restaurants. Many licensees are dealing with their credit terms with banks.

Jeannie Lee – Jeannie shared that recently 20 KAGRO members either closed their business or had to sell to someone else. Taxes impact KAGRO members because of activity in borderline states. Members do have a fear of losing their business.

Rick Garza, Deputy Administrative Director

Rick gave an overview of the LCB 2010 legislative session. He shared that two bills passed this session; Tasting/Sampling in Grocery Stores over 9000 sq feet and Amendment to the Craft Distillery License.

Rick also shared information about the two privatization initiatives that were filed on April 16. Rick and Pat shared that we will continue to educate stakeholders and legislators on what the Liquor Control Board does and doesn't do.

Mark Levine asked Rick about all of the past privatization task groups recommendations over the years that were formed and reports they issued to not privatize, is this information getting to the legislature. Rick shared that this information has been shared with legislators.

Roundtable

Jan Gee shared that taxes imposed by a certain date impact WFI members and they are not happy about this. Jan also asked if LCB was going to issues and interim rule/policy on Sampling in Grocery Stores. Rick Garza responded that Karen McCall will email the timing of rule making regarding Sampling in Grocery Stores to all of our stakeholders by April 30.

Jeff Gombosky shared that his industry does not like the beer tax.

Phil Wayt shared that major brands are still competitive and the tax increase may be passed on to the customer and/or retailer. The increase could cause a decrease in consumption.

Heather McClung shared the bill tax is a concern to her industry. Retailers have a pricing variance between micro and the premium industry.

Steve shared that the beer tax cost increase will be passed on to customers and that it will impact other products in the marketplace.

Jeannie Lee shared that KAGRO members are concerned about the cigarette tax. Small businesses are already struggling and some fear they may go out of business. Jeannie also shared member's concerns about liquor enforcement officers conducting liquor and tobacco 'sting' operations. KAGRO believes the first contact with a licensee should always be educational and not a written violation notice. She also stressed that KAGRO feels that there should be punishment for the purchaser.

Jean Leonard shared that the special occasion license and charity events have been an issue for her members. There is confusion by the current rules and there needs to be a more comprehensive proposal, including having wine, beer and spirits available at charitable events.

Mark Levine suggested that an Issue Paper on charitable events, addressing special occasion licenses and the new advertising regulations could help clarify questions.

Phil Wayt suggested that getting a special occasion license at a liquor store could help speed up the process.

Pat Kohler, Agency Director

Pat gave the council members a high level agency budget update.

Pat McLaughlin, Business Enterprise Director

Pat gave an update to the council members on the following items:

- Distribution Center Director Recruitment
- Distribution Center Capital Projects Improvement - the project is currently in its final phase and will continue through the month of August.
- Distribution Center Operations – operations are running well with the fill rate consistently around 96%.
- Revenue Enhancements (Mall Stores, Lottery Products, New State and CLS Stores) – LCB is still on track to generate \$12 million in revenue this biennium.

Alan Rathbun, Licensing Division Director

Alan provided an update to the members on the following items:

- Spirits, Beer, Wine Nightclub License
- On Line MAST Training
- Definition of what “food requirement” is
- Seattle Alcohol Impact Area
- Winery Definition

Next Meeting

July 21, 9:00 am – 12:00 pm, hosted by Washington Brewer’s Guild, location TBD