

**Craft Distiller's Forum**  
**January 9, 2012**  
**Questions and Answer Session**

---

- Q. Who can I contact if I have questions about the pricing calculator on the Liquor Control Board (LCB) website?
- A. Please contact Mike Steenhout, LCB Comptroller, at 360-664-4524 or [mlst@liq.wa.gov](mailto:mlst@liq.wa.gov).
- Q. What is the LCB's timeline at the end of the Buy Back Agreement in regards to getting liquor packaged and back out for a new retailer?
- A. We plan to have product counted, consolidated and begin notifying suppliers to arrange pick-up at the beginning of September.
- Q. Will there be communication to store managers regarding the new special order guidelines?
- A. Yes, several communications have been sent to store managers emphasizing that products from any supplier that signed the buyback agreement can be special ordered and sold by the bottle.
- Q. Will all state stores remain open until May 31, 2012?
- A. That is currently the plan, however several other factors may impact the closing date, such as employee attrition and lease issues.
- Q. How is the Liquor Control Board working with contract liquor stores help them in this transition?
- A. We continue to meet with contract liquor stores to provide information and answer questions they have about the transition. Today we are unsure of the number of stores that plan to stay in business; this is an individual decision for each store. We expect to have better visibility on this matter by March 2012.
- Q. If a contract liquor stores has special order inventory on May 31, will they be required to purchase the product?

A. That depends on when they acquired the product and if that product is already covered by a Buy Back agreement. If they ordered it after January 1, 2012, and it is not covered by a Buy Back agreement, then they would be obligated to purchase the product.

Q. What are the filing requirements for a new spirit product to be sold in the State of Washington?

A. For new products, you will be required to submit a copy of your federally (TTB) approved Certificate of Label Approval (COLA). This information must include the package configuration. If the package configuration is different from the standard, you may be asked to submit photos of the package.

Q. Is this for product that is already in the system or new product only?

A. New product only. The WSLCB already has the Federal COLA on file for products that were previously carried by the Liquor Control Board.

Q. If we sell product to a new spirits, beer & wine restaurant licensee, do we need to get prior verification that they have the appropriate license?

A. Yes.

Q. What are the rules for off-site storage for bulk barrels, Enforcement indicates we need to get another license?

A. Per RCW 66.24.640, distilleries can have an off- site storage facility for the distribution of product but not for bulk storage or production. The warehouse may not be shared with other industry members.

Q. May a craft distillery offer whiskey for sale by the barrel?

A. No, selling product by the barrel is prohibited by TTB.

Q. What does the current craft distillery license allow?

- A. Current allowances are under [RCW 66.24.140](#), [RCW 66.24.145](#), [RCW 66.28.040](#), [RCW 66.28.330](#), [WAC 314-64-08001](#), and [Chapter WAC 314-28](#). Many of the rules in [Chapter WAC 314-11](#) and [Chapter WAC 314-12](#) also apply to distilleries.

This includes free sampling; selling consumers 2 liters per person, per day; solicit retailers to purchase your alcohol; provide free samples (purchased from state liquor stores) to retailers to negotiate a sale - This will change March 1<sup>st</sup>, where it will be part of your stock that is given away; you can donate to a non-profit 501c3/501c6 and pour at a special occasion licensed event.

- Q. What agreements does Washington have with other states regarding selling product in their state?

A. No such agreements exist.

- Q. Will Distilleries be required to have their own delivery trucks and drivers? Is it ok to use a distributor?

A. RCW 66.28.330 allows for a common carrier to be utilized, usually that's licensed with DOL and some federal permit. A distributor doesn't qualify as a common carrier. They are a separate liquor entity and they must purchase product and maintain title of what they deliver.

- Q. For a brew pub model, how is it possible to promote (advertising) own product and go next door for tasting? Does there have to be a break in space and a separate area for the tasting room?

A. The space is contiguous to the distillery. The current law allows a distillery to have this retail license with the distillery license. All consumption in the retail space is sold at cost or above. Breweries typically have a "sampler" of its product for a fee. This is different that the distilleries "tasting area" where it is without charge.

- Q. Is there a requirement to provide samples for free? More tour buses are stopping at distillers, can we charge them?

A. Yes, under current law ([RCW 66.24.145](#)), craft distilleries may provide samples, but free of charge. This statute would have to be changed.

- Q. Under current law can gratuity be required and enforced?

- A. Gratuities cannot be required. There can be no cost associated with the spirit sampling. The intent of the law is to provide free samples.
- Q. Is there a requirement of what an off premise warehouse looks like?
- A. There are certain requirements for beer and wine off-site store locations. Basic requirements are that they are not shared with any other business or licensee and that it has its own access without going through any other business.
- Q. What kind of separation is necessary if five distillers rent the same location/address and is there a barrier requirement?
- A. The LCB needs to review alternating distilleries and develop WAC rules around this subject.
- Q. There seems to be confusion on what is allowed during an organized event regarding samples, etc., please clarify what is allowed.
- A. Ensure these events have a Special Occasion License.
- Distilleries can donate product to a 501c3/501c6;  
Distilleries can pour at these events; and  
Distilleries can be there to talk about their product.
- Distilleries CANNOT pay a booth fee to attend these events and  
Distilleries CANNOT sell to consumers at these events.
- Q. During the phase out process of state liquor stores, how will LCB be able to keep up on processing all the new liquor license applications?
- A. The Licensing Division has hired additional staff to assist with the anticipated workload and priority is being given to license types that have time critical importance in implementing 1183. The LCB's ability to process all applications prior to their effective date in large part is dependent upon timely receipt of applications and the supporting documentation necessary to complete the process.
- Q. Will contract liquor stores be allowed to pre stock or pre buy products before June 1?
- A. Yes. Contract Liquor Stores who have received a Spirits Retail License may purchase inventory in preparation for sales commencing June 1, 2012.

- Q. During the auctioning off of the operating rights to state stores, would it be just for a particular store location? Are state stores grandfathered in?
- A. The auctioning of operating rights for existing state stores has not yet been fully developed. Options being considered include single location auctions as well as multiple site auctions. All such rights would include a “grandfathered” status that allows the store to sell liquor even though the location may be less than 10,000 ft<sup>2</sup>.

**General Website Questions:**

- Q. Is there anything in law that prohibits internet sales? If not, we would like to work with the Liquor Control Board towards that goal.
- A. Current regulations were set up to regulate in-state internet sales which did not specifically address distilleries. Licensing can address any requirements that may be needed to allow this. We cannot authorize out of state internet sales as each state has their own laws and licenses regarding such matters.
- Q. What can and cannot be listed on our business website regarding where our product is being sold?
- A. You can list the name of any retail licensee which carries your product and you may place a link to their web-site. Please see [RCW 66.28.310\(4\)](#) for additional clarification.
- Q. Is it ok for several retailers to electronically place an order at one central email address to facilitate several orders at once? Do the central warehouse provisions apply?
- A. Yes, each retailer has to pay separately with their orders though.
- Q. Is it permissible to post on Facebook restaurants or bars that serves craft distillery products?
- A. You can list the name of any retail licensee which carries your product and you may place a link to their web-site. Please see [RCW 66.28.310\(4\)](#) for additional clarification.