



Tribal Advisory Council

Meeting Minutes
February 10, 2012, 2:00 p.m. – 4:00 p.m.
Liquor Control Board
Headquarters Office
3000 Pacific Avenue SE
Olympia, WA 98501

Tribal Advisory Council Members in Attendance:

<p>Council Members: (Refer to sign-in sheet)</p>	<p>Liquor Control Board: Sharon Foster, Board Chair Ruthann Kurose, Board Member Chris Marr, Board Member Pat Kohler, Administrative Director Rick Garza, Deputy Director and Tribal Liaison Pat McLaughlin, Business Enterprise Director Alan Rathbun, Licensing Director Karen McCall, Director's Office Brian Smith, Communications Director Justin Nordhorn, Enforcement Director Kevin McCarroll, Board Office</p>
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Also in attendance: Mary Tennyson, Senior Assistant Attorney General, Shana Barehand, Department of Revenue

Welcome and Introductions

Ruthann Kurose, Board Member and TAC Liaison

Ruthann Kurose, Board Member of the Liquor Control Board and Tribal Advisory Council (TAC) Liaison welcomed TAC members and other guests. Ron Allen, of the Jamestown Tribe and co-chair of TAC was absent, sending Chris Masse to co-chair in his place. Attendees introduced themselves and the organization they represented. Approximately seven attendees participated via conference call.

I-1183 Implementation Updates: Legislative and Rulemaking

Rick Garza, Deputy Administrative Director

Rick provided a brief overview of liquor-related and tobacco-related bills that have been introduced thus far in the 2012 Legislative Session (see Legislative Update handout). Due to the passage of 1183, Rick noted that a new tax structure for spirits would have to be created. Recent meetings on the topic seem to indicate that simplification of the new tax structure will not be likely by the end of the 2012 Legislative Session. Rick commented on the 150 million dollar Distributor fee required by I-1183, and the feedback from various stakeholder groups regarding

the Board's interpretation of who is required to pay the fee. Interim policies addressing central warehousing as well as the rights afforded to those holding contracts with the state to sell liquor (Tribal groups, Contract Managers), will be presented to the Board in the coming weeks.

Karen McCall, Agency Rules Coordinator

Karen provided attendees with the rulemaking plan for the implementation of I-1183 (see I-1183 Contingency Plan for Rulemaking handout). On February 29th, the Board will be asked to approve the permanent rules to implement I-1183, which were filed as emergency rules December 7, 2011. Stakeholders will have approximately one week prior to that Board meeting to provide comment. Stakeholders interested in being added to an email distribution list may contact: rules@liq.wa.gov. Additionally, rulemaking information is posted on the Liquor Board website (www.liq.wa.gov).

I-1183 Implementation Updates: Licensing

Alan Rathbun, Licensing Director

Alan gave an overview of the Licensing process changes underway due to I-1183, including newly created licenses and endorsements. As of the date of the meeting, Licensing had received 32 Spirits Distributor License applications, 18 for the Spirits Certificate of Approval (for out of state suppliers), 277 Wine Retailer/Reseller applications, and 575 Spirits Retailer License applications, 17 of which were submitted by new entities holding no existing license. Alan has been encouraging all potential applicants to submit their paperwork as soon as possible, as the volume of applications is likely to increase substantially between now and June 1, 2012. According to Alan, all pending and approved applications will be listed on the Liquor Board website (www.liq.wa.gov).

Shana Barehand, from the Department of Revenue, introduced herself and notified attendees that information would be provided to them regarding the new tax structure and process. She recommended those with questions contact Kim Eastman of the Department of Revenue, at: (360) 705-6615.

I-1183 Implementation Updates: Business Enterprise

Pat McLaughlin, Business Enterprise Director

Pat provided an update on the Business Enterprise's efforts to divest the Liquor Board of the business. Twelve teams have been created to handle the logistics surrounding the implementation of 1183. These teams, consisting of over 80 staff members, are working to develop a major project plan, with key strategies and milestones.

As part of divesting the Liquor Board of the retail business, Supplier Buy Back Agreements were created, with 99% of all listed spirits, 22% of beer/wine/mixer, and 78% of special order spirits product covered by an agreement. Pat noted that this will be key to an orderly transition from May 31st to June 1st.

Landlord Forums have been scheduled over the next few weeks, in an effort to clarify the state liquor store auction process. Through I-1183, the Liquor Board is expected to auction the right to sell liquor, as associated with the current state liquor stores locations. Winning bidders will be required to meet licensing qualifications if they desire to sell liquor.

Tribal contracts with provisions for future stores, Pat noted, are entitled to the same grandfathering rights as current Tribal stores. A Spirits Retail License for those desired future locations need to be obtained prior to May 31st. Tribal groups interested in moving forward with establishing a new store as outlined in their contract are encouraged to contact Pat directly (pdm@liq.wa.gov).

Review of Previous TAC Q&A Document, C-Store Summit Q&A Document

Ruthann Kurose, Board Member and TAC Liaison

Ruthann asked for follow-up questions and feedback on the TAC Q&A document compiled from the December 7, 2011 TAC meeting (see handout), and the Q&A document created from the January C-Store Summit (see handout). No additional questions or feedback was received.

Meeting adjourned at 3:12 p.m.

Handouts:

1. Legislative Update, February 8, 2012
2. I-1183 Contingency Plan for Rulemaking
3. TAC Meeting Questions, December 7, 2011
4. Q&A – Tribal Advisory Council