



NOTICE OF RULE MAKING – Proposed Rules #12-05

CR 102 Supplemental - The Washington State Liquor Control Board would like your input on the attached proposed rules to implement Initiative 1183.

Requirements for Retail Liquor Licensees – Chapter 314-02 WAC, Spirits Distributors, Certificate of Approval Licenses, and Spirits Importers – Chapter 314-23 WAC, and Distillers – Chapter 314-28 WAC.

Initiative 1183 was passed November 8, 2011, and requires changes to existing administrative rules. The board adopted new emergency rules on April 4, 2012, to implement Initiative 1183. A CR 102 was originally filed on March 14, 2012 for permanent rules to implement I-1183. Revisions were made to the proposed rules requiring the board to file a supplemental CR 102. Permanent rules are needed to implement new laws created by the initiative and amendments to current rules are needed to clarify new license types created by the initiative.

This notice can be found at <http://www.liq.wa.gov/laws/laws-and-rules> under Proposed Rules.

The Liquor Control Board encourages you to give input on the attached rules to implement Initiative 1183.

Public Comment

Please forward your initial comments to the Liquor Control Board by mail, e-mail, or fax by **May 24, 2012**.

By mail:	Rules Coordinator Liquor Control Board P.O. Box 43080 Olympia, WA 98504-3080	By e-mail:	rules@liq.wa.gov	By fax:	360-360-664-9689
-----------------	---	-------------------	--	----------------	------------------

Public Hearing: **May 24, 2012**
10:00 a.m.
Washington State Liquor Control Board – Board Room
3000 Pacific Ave. S.E, Olympia, WA

What changes are being proposed?

New Section. WAC 314-02-103. What is a wine retailer reseller endorsement? Created a new section to explain who is allowed to obtain a wine retailer reseller endorsement, the amount and number of sales per day a licensee can make to an on-premises spirits licensee, and the requirements to obtain the endorsement.

New Section. WAC 314-02-104. Central warehousing. Created a new section to explain the requirements for wine and spirits licensees to central warehouse wine and spirits.

New Section. WAC 314-02-106. What is a spirits retailer license? Created a new section to explain what the holder is allowed to do under this license. A revision was made regarding the requirement for a TTB basic permit.

New Section. WAC 314-02-107. What are the requirements for a spirits retail license? Created a new section explaining the requirements to obtain a spirits retail license.

New Section. WAC 314-02-109. What are the quarterly reporting and payment requirements for a spirits retail license? Created a new section to explain the reporting and payment requirements for a spirits retail licensee. A revision was made changing the reporting date to the 25th of the month.

New Section. WAC 314-23-001. What does a spirits distributor license allow? Created a new section to explain what the holder is allowed to do under this license.

New Section. WAC 314-23-005. What are the fees for a spirits distributor license? Created a new section to explain the fees for this license. Did not address the \$150 million assessment in this rulemaking.

New Section. WAC 314-23-020. What are the requirements for a spirits distributor license? Created a new section explaining the requirements to obtain a spirits distributor license. A revision was made requiring the sale and delivery of product to take place from the licensed location.

New Section. WAC 314-23-021. What are the monthly reporting and payment requirements for a spirits distributor license? Created a new section to explain the reporting and payment requirements for a spirits distributor licensee.

New Section. WAC 314-23-022. What if a distributor licensee fails to report or pay, or reports or pays late? Created a new section that explains the penalties for not reporting or paying on time.

New Section. WAC 314-23-030. What does a spirits certificate of approval allow? Created a new section that explains the different types of certificate of approval licenses and what is license is allowed to do under their license type.

New Section. WAC 314-23-040. What are the requirements for a certificate of approval license? Created a new section to explain the requirements for the license.

New Section. WAC 314-23-041. What are the monthly reporting and payment requirements for a spirits certificate of approval licensee? Created a new section to explain the reporting and payment requirements for a spirits certificate of approval licensee.

New Section. WAC 314-23-042. What if a certificate of approval licensee fails to report or pay, or reports or pays late? Created a new section that explains the penalties for not reporting or paying on time.

New Section. WAC 314-23-050. What does a spirits importer allow? Created a new section to explain what a spirits importer licensee is allowed to do under this license.

Amended Section. WAC 314-28-010. Records. Amended this section to add record keeping requirements for sales to spirits retail licensees, spirits distributor licensees, and exports from the state.

New Section. WAC 314-28-030. Changes to the distiller and craft distiller license. Created a new section to explain the allowance for distillers and craft distillers to sell their product to on-premises licensees effective March 1, 2012, and to off-premises retailers on June 1, 2012. A distiller may also begin selling their own product to customers at their distiller for off-premises consumption effective June 1, 2012.

Amended Section. WAC 314-28-050. What does a craft distillery license allow. Added language to clarify that a craft distiller may begin selling their own product to a licensed spirits retailer in the state of WA on or after March 1, 2012.

Amended Section. WAC 314-28-060. What are the general requirements for a craft distillery? Removed language that required craft distillers to purchase

their own liquor from the board to use for sampling or sales to customers at the distillery.

Amended Section. WAC 314-28-070. What are the monthly reporting and payment requirements for a distillery and craft distillery license? Added distilleries to this rule. Removed language that referred to “payments to the board”. Added language that effective March 1, 2012, a distillery or craft distiller must pay 10% of their gross sales on sales made to a spirits retail licensee for the first two years of licensure; 5% in year 3 and thereafter. Effective June 1, 2012, a distillery or craft distiller must pay 17% of their gross sales on sales made to a customer for off-premises consumption.

Amended Section. WAC 314-28-080. What if a distillery or craft distillery licensee fails to report or pay, or reports or pays late? Created a new section that explains the penalties for not reporting or paying on time. Removed language referring to surety bonds.

Amendatory Section. WAC 314-28-090. Selling out-of-state. What are the requirements for a craft distillery licensee to sell its spirits product outside the state of Washington. Removed language that referred to the special order process.

Attachment: Proposed Rules