



## NOTICE OF RULE MAKING – Proposed Rules #12-06

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

Initiative 1183 passed on November 8, 2011. Many sections of the initiative have affected current WACs. There are thirteen WAC chapters that need revisions and two chapters that need to be repealed based on the changes in the initiative. The following chapters in WAC 314 will be addressed in this rulemaking:

- WAC 314-05 Special Occasion Licenses
- WAC 314-11 General requirements for licensees
- WAC 314-13 Retail licensees purchasing beer, wine, and spirits
- WAC 314-24 Domestic wineries and domestic wine distributors
- WAC 314-27 Interstate Commercial Common Passenger Carriers
- WAC 314-30 Manufacturers
- WAC 314-36 Importers, Public Storage Warehouses and Importation of Liquor
- WAC 314-37 Non-state liquor stores
- WAC 314-38 Permits
- WAC 314-42 Liquor Control Board operations
- WAC 314-44 Licensed Agents
- WAC 314-45 Serving and donating liquor by suppliers at trade conventions of licensees
- WAC 314-52 Advertising
- WAC 314-64 Liquor samples
- WAC 314-76 Special orders

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 **June 27, 2012**.

<b>By mail:</b>	Rules Coordinator Liquor Control Board P.O. Box 43080 Olympia, WA 98504-3080	<b>By e-mail:</b>	<a href="mailto:rules@liq.wa.gov">rules@liq.wa.gov</a>	<b>By fax:</b>	360-360-664-9689
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**Public Hearing:** **June 27, 2012**  
**10:00 a.m.**  
Washington State Liquor Control Board – Board Room  
3000 Pacific Ave. S.E, Olympia, WA

## What changes are being proposed?

**Amended section. WAC 314-05-020 What is a special occasion license?** Added language to allow spirits to be sold in original, unopened containers for off-premises consumption.

**Amended section. WAC 314-05-030 Guidelines for special occasion license events.** Removed language that required special occasion licensees to purchase spirits from a state or contract liquor store. Also removed language that required spirits donated to a special occasion licensee must be purchased from a state or contract liquor store.

**Amended section. WAC 314-11-025 What are the forms of acceptable identification?** Removed the reference to RCW 66.16.040 because that RCW was repealed by the initiative.

**Amended section. WAC 314-11-040 What duties can an employee under twenty-one years of age perform on a licensed premises?** Added language to clarify what duties a person 18, 19, or 20 years old can and can't perform in a spirits retail business. Added language that a spirits retail licensee employee may deliver spirits to a customer's car with the customer (there is no minimum age requirement for the employee to deliver to the car).

**Amended section. WAC 314-11-085 Do I have to sell liquor at a certain price?** Revised language to read "Liquor licensees must sell beer, wine, and spirits

at or above the licensee's acquisition cost." Clarified that only on-premises retail licensees may give a customer a drink free of charge under limited circumstances.

**Amended section. WAC 314-11-097 Credit on non-liquor food items—Conditions—Recordkeeping.** Removed the reference to RCW 66.28.010 because that RCW was repealed.

**Amended section. WAC 314-11-100 Can the board or another government agency seize liquor?** Corrected the reference to RCW 66.08.030.

**Amended section. WAC 314-11-105 What can the board do with lawfully seized liquor?** Corrected the reference to RCW 66.08.030. Removed language that stated the board may return product to a state liquor store, and added language that the board may sell unopened beer, wine, or spirits to the distributor selling the product at a negotiated price.

**Amended section. WAC 314-11-110 What can government agencies other than the board do with lawfully seized liquor?** Removed all references to selling the product to the board. Added "spirits" to beer and wine and the allowance for a government agency to sell the product to the distributor that sells the product.

**Amended section. WAC 314-13-010 Who can retail licensees purchase beer, wine, and spirits from?** Removed references to state or contract liquor stores. For wine, added a grocery store holding a wine retailer reseller endorsement (up to 24 liters per sale per day). For spirits, added a Washington spirits distributor, a Washington distiller or craft distiller, a spirits COA with an endorsement to ship direct to retail licensees, and a spirits retail licensee (up to 24 liters per sale per day).

**Amended section. WAC 314-11-015 What method of payment can a retailer use to purchase spirits, beer, or wine from an industry member?** Added the word "spirits" to the title of the section, and removed the reference to RCW 66.28.010 and replaced it with the correct RCW.

**Amended section. WAC 314-13-020 What if a check, EFT transaction, or credit/debit card transaction is reported as having nonsufficient funds (NSF)?** Removed language that required the enforcement office to contact the retailer regarding the NSF check. Enforcement will no longer be involved in NSF check collections.

**Repealed section. WAC 314-13-025 How do retail licensees purchase spirituous liquor at a discount from the board?**

**Repealed section. WAC 314-13-030 What method of payment can a retailer use to purchase spirituous liquor from the board?**

**Repealed section. WAC 314-13-040 Do retail licensees have to sell liquor at a certain price?** This was repealed because the same language exists in WAC 314-11-085.

**Amended section. WAC 314-24-040 Wine labels—Federal certificate of label approval required—Labels to be submitted.** Removed language requiring a certificate of label approval from the board and replaced it with the requirement they must submit a copy of their federal COLA for tracking by the board.

**Amended section. WAC 314-24-070 Domestic wineries—Purchase and use of bulk wines, brandy or wine spirits—Import permit required—Records—Wine returned to Washington.** Added RCW reference.

**Amended section. WAC 314-24-160 Domestic wineries—Retail sales of wine on winery premises—Wine served without charge on premises—Spirit, beer, and wine restaurant operations.** Corrected RCW reference.

**Amended section. WAC 314-24-180 Wine distributors, wine importers—Certain rights granted.** Added new language requiring wine distributors to sell and deliver product from their licensed premises. Clarified wine importers cannot sell to retailers.

**Amended section. WAC 314-24-190 Wine suppliers and distributors.** Deleted language requiring distributors and suppliers to keep current and prior price lists at their liquor licensed location.

**Amended section. WAC 314-27-010 Liquor purchases by Interstate Common Carrier licensees—Reports.** Removed language referring to purchasing from an employee of the board. Added language allowing any licensee authorized by the board to sell liquor to a CCI licensee. Removed redundant language on taxes not due on exports. Changed the date reports are due from the 15<sup>th</sup> of the month to the 20<sup>th</sup>.

**Amended section. WAC 34-30-101 Sales by manufacturers.** Removed reference to selling to the board and added "spirits distributor". Added language to clarify the first distributor to receive product is responsible for fees and taxes on spirits, beer, or wine. Corrected WAC references. Revised language referring to monthly reporting.

**Amended section. WAC 314-36-040 Principal office—Record.** Replaced the word “liquor” with “spirits”.

**Amended section. WAC 314-36-060 Public storage warehouse.** Replaced the word “liquor” with “spirits”.

**Amended section. WAC 314-36-080 Authorization for private liquor storage warehouse.** Replaced the word “liquor” with “spirits”.

**Amended section. WAC 314-36-090 Liquor shall be stored in original packages.** Removed language requiring original packages to be authorized by the board.

**Amended section. WAC 314-36-100 Removal of liquor.** Replaced the word “liquor” with “spirits”. Replaced the words “to the board” with “spirits distributor”. Revised language on removing spirits from any storage warehouse.

**Amended section. WAC 314-36-130 Complete records kept.** Replaced the word “liquor” with “spirits”. Removed language referring to board authorization for removal of samples.

**Repealed Chapter 314-37 WAC. Nonstate liquor stores.**

**Amended section. WAC 314-38-010. Changed title to “Serve employees and guests permit”.** Removed language requiring product be purchased from a Washington state liquor store or agency.

**Amended section. WAC 314-38-050. Changed title to “Serve employees and guests permit”.** Changed permit name throughout the WAC to “serve employees and guests”.

**Amended section. WAC 314-42-010 Liquor control board administrative director.** Removed language delegating the duties to the administrative director by the board to approve liquor purchases, appeals of price posting actions, and approvals of product listings and de-listings.

**Amended section. WAC 314-44-005 Agent’s license required—Eligible employers defined—Certain classes limited—Bona fide entity defined—Prohibited practices.** Repealed section (Restructured (2) for clarity and added new spirits non-retail licenses. Repealed subsections 6, 7,8, and 10 referring to soliciting sales to employees of the board.

**Amended section. WAC 314-45-010 Convention defined—Hospitality rooms, display booths, receptions and similar activities—Permits**

**required—Fees—Procedures.** Removed language requiring spirits to be purchased from the board.

**Amended section. WAC 314-52-110 Advertising by retail licensees.** Removed language allowing a licensee to sell spirits, beer, or wine below acquisition cost in an endeavor to meet the price of a competitor selling the same product in the same locality or trade area and in the ordinary channels of trade.

**Amended section. WAC 314-64-08001 Procedures for providing spirit samples to authorized retail licensees for the purpose of negotiating a sale.** Added new spirits non retail license types to the list of licensees allowed to provide spirit samples to retail licensees and to those licensees required to keep records of sampling for 3 years. Removed language requiring spirit samples be purchased from the board. Repealed subsections referring to samples to the board and the board sampling procedures.

**Repealed section. Chapter 314-76 WAC Special orders.**

Attachment: Proposed Rules