



## Washington State Liquor Control Board

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Industry Advisory Number: **2012-01**  
Issue Date: **November 2, 2012**  
Advisory Subject: **Licensed Business Closure and Disposal of Liquor**

**What is the purpose of this advisory:** This advisory is intended to officially address questions that have been presented to the Washington State Liquor Control Board (WSLCB) regarding the process for a business to discontinue licensed activities and their options for the sale or disposal of liquor that is in their inventory.

**Question 1: What are the steps that a business owner needs to take once they have decided to discontinue their licensed business activities?**

**Answer:** When a business owner decides to discontinue their licensed activities they must notify the WSLCB. A licensee may contact the WSLCB in either of three ways – by mail, in-person or telephone:

**Address**

Washington State Liquor Control Board  
Licensing Division, 3000 Pacific Ave SE,  
P.O. Box 43098,  
Olympia 98504-3098

**Telephone: Customer Service**

360: 664-1600

**Please note:** If a Liquor Enforcement Officer (LEO) observes a business that has closed and has not re-opened after three weeks, the LEO will attempt to contact the licensee of record to find out their intent (i.e. closing, remodeling, seasonal, etc.). If contact cannot be established, officers will send a notice of discontinuance to the licensing division.

**Question 2: What options does a licensee have in selling or disposing of its liquor inventory?**

**Answer:** A licensee that is discontinuing their licensed business activities may sell or dispose of their liquor inventory in the following manner:

- A. The licensee must ask the distributor if it will accept a return of liquor products based on their business closure.

**Please Note:** The distributor is under no obligation to take the product back. In addition the WSLCB is not able to take back product.

- B. If the distributor will not take the product back, then the additional options include:

- i. **Sell the inventory during business closeout to customers.** The retailer can competitively price the liquor, even below cost. The 17 percent retail licensing fee, spirits sales and liter taxes must be paid.
- ii. **Sell the inventory to another off- premises licensee.** This needs to be approved by the WSLCB Licensing Division. Both seller and receiver must keep records to document a legal transfer of the inventory. The 17 percent retail licensing fee, spirit sales and liter tax do not apply for sales to off premises licensees, as they will apply when the receiver in turn sells it to their customers.
- iii. **Sell the inventory to an on-premise retail licensee.** Requires WSLCB approval. Both seller and receiver must keep records to document a legal transfer of the inventory. The 17 percent retail licensing fee, spirit sales and liter tax must be paid.
- iv. **Keep the inventory for personal use.** Requires WSLCB approval. Pay taxes due on all products, this includes the 17 percent licensing fee, spirit sales tax and liter tax.
- v. **Destroy the inventory.** Requires Board approval. Licensee must keep records of product volume, type and dates of disposal. A WSLCB employee must witness the destruction of the property.

**Please Note:** If the licensee takes the inventory from the business and stores it somewhere else, the storage needs to be approved by the WSLCB Licensing Division.

**Who should I contact concerning the information in this advisory?** If you have questions about Licensed Business Closure and Disposal of Liquor, please contact:

<b>Address</b>	<b>Telephone</b>
Washington State Liquor Control Board Customer Service 3000 Pacific Ave SE P.O. Box 43098, Olympia 98504-3098	Customer Service 360 -664-1600

**WSLCB Authority to Issue this Advisory:**

This advisory is issued under the authority provided in:

❖ **RCW 66.28.070: Restrictions on purchases of spirits, beer, or wine by retail spirits, beer, or wine licensees or special occasion licensees.**

(1) Except as provided in subsection (2) of this section, it is unlawful for any retail spirits, beer, or wine licensee to purchase spirits, beer, or wine, except from a duly licensed distributor, domestic winery, domestic brewer, or certificate of approval holder with a direct shipment endorsement.

(2)(a) A spirits, beer, or wine retailer may purchase spirits, beer, or wine:

(i) From a government agency that has lawfully seized liquor possessed by a licensed distributor or retailer;

(ii) From a board-authorized manufacturer or certificate holder authorized by this title to act as a distributor of liquor;

**(iii) From a licensed retailer which has discontinued business if the distributor has refused to accept spirits, beer, or wine from that retailer for return and refund;**

(iv) From a retailer whose license or license endorsement permits resale to a retailer of wine and/or spirits for consumption on the premises, if the purchasing retailer is authorized to sell such wine and/or spirits.

(b) Goods purchased under this subsection (2) must meet the quality standards set by the manufacturer of the goods.

(3) Special occasion licensees holding a special occasion license may only purchase spirits, beer, or wine from a spirits, beer, or wine retailer duly licensed to sell spirits, beer, or wine for off-premises consumption, or from a duly licensed spirits, beer, or wine distributor.

[2012 c 2 § 118 (Initiative Measure No. 1183, approved November 8, 2011); 2006 c 302 § 8. Prior: 1994 c 201 § 5; 1994 c 63 § 2; 1987 c 205 § 1; 1937 c 217 § 1(23H) (adding new section 23-H to 1933 ex.s. c 62); RRS § 7306-23H.]

❖ **WAC 314-52-110 Advertising by retail licensees.**

(3) Beer, wine, or spirituous liquor shall not be advertised, offered for sale, or sold by retail licensees at less than acquisition cost. The provisions of this section shall not apply to any sales made:

**(a) For the purpose of discontinuing the trade of any product or disposing of seasonal goods after the season has passed;**

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