



**Washington State
Liquor and Cannabis Board**

Date: December 16, 2015

To: Jane Rushford, Board Chair
Ruthann Kurose, Board Member
Russ Hauge, Board Member

From: Karen McCall, Agency Rules Coordinator

Copy: Rick Garza, Agency Director
Peter Antolin, Deputy Director
Justin Nordhorn, Chief of Enforcement
Becky Smith, Licensing Director

Subject: **Approval for filing proposed rules (CR 102) to creating a new section in Chapter 314-03 WAC Allowed Activities**

The Beer/Wine Gift Delivery license allows a business that is primarily engaged in the retail sale of gifts or flowers to deliver beer and/or wine in bottles or original packages. The beer or wine must be delivered in conjunction with the gifts or flowers. Many of the orders are placed via the internet. The board has in the past allowed internet sales for holders of this license but there are currently no rules that outline the requirements for this practice. Becky Smith, Licensing director, has asked for an interim policy and rules to outline the requirements for internet sales and delivery of beer and wine.

Process

The Rules Coordinator requests approval to file the proposed rules (CR 102) for the rule making described above. An issue paper on this rule was presented at the Board meeting on December 16, 2015, and is attached to this order.

If approved for filing, the tentative timeline for the rule making process is outlined below:

July 15, 2015	Board is asked to approve filing the pre-proposal statement of inquiry (CR 102)
January 20, 2016	Code Reviser publishes notice, LCB sends notice to rules distribution list
February 10, 2016	End of written comment period
February 10, 2016	Public Hearing held
February 24, 2016	Board is asked to adopt rules
February 24, 2016	Agency sends notice to those who commented both at

	the public hearing and in writing.
February 24, 2016	Agency files adopted rules with the Code Reviser (CR 103)
March 26, 2016	Rules are effective (31 days after filing)

Approve Disapprove _____
Jane Rushford, Chairman _____
Date

Approve Disapprove _____
Ruthann Kurose, Board Member _____
Date

Approve Disapprove _____
Russ Hauge, Board Member _____
Date

Attachment: Issue Paper

Washington State Liquor and Cannabis Board

Issue Paper

Beer/Wine Gift Delivery License

Date: December 16, 2015

Presented by: Karen McCall, Agency Rules Coordinator

Description of the Issue

The purpose of this Issue Paper is to request approval from the Board to file proposed rules (CR 102) creating a new section in Chapter 314-03 WAC Allowed Activities.

Why is rule making necessary?

The Beer/Wine Gift Delivery license allows a business that is primarily engaged in the retail sale of gifts or flowers to deliver beer and/or wine in bottles or original packages. The beer or wine must be delivered in conjunction with the gifts or flowers. Many of the orders are placed via the internet. The board has in the past allowed internet sales for holders of this license but there are currently no rules that outline the requirements for this practice. Becky Smith, Licensing Director, has asked for an interim policy and rules to outline the requirements for internet sales and delivery of beer and wine.

What changes are being proposed?

New Section. WAC 314-03-040 Consumer orders, internet sales, and delivery for beer and/or wine gift delivery licenses. Created a new rule clarifying the requirements for a beer and/or wine gift delivery licensee to sell over the internet and delivery beer and wine to their customers.

Attachment: Proposed Rules

NEW SECTION

WAC 314-03-040 Consumer orders, internet sales, and delivery for beer and/or wine gift delivery licenses. A beer and/or wine gift delivery licensee may accept orders for beer or wine from, and deliver beer or wine to, customers.

(1) **Resale.** Liquor shall not be for resale.

(2) **Stock location.** Liquor must come directly from a licensed retail location.

(3) **How to place an order.** Liquor may be ordered in person at a licensed location, by mail, telephone or internet, or by other similar methods.

(4) **Sales and payment.**

(a) Only a licensee or a licensee's direct employees may accept and process orders and payments. A contractor may not do so on behalf of a licensee, except for transmittal of payment through a third-party service. A third-party service may not solicit customer business on behalf of a licensee.

(b) All orders and payments shall be fully processed before liquor transfers ownership or, in the case of delivery, leaves a licensed premises.

(c) Payment method. Payment methods include, but are not limited to: Cash, credit or debit card, check or money order, electronic funds transfer, or an existing prepaid account. An existing prepaid account may not have a negative balance.

(d) Internet. To sell liquor via the internet, a new license applicant must request internet-sales privileges in his or her application. An existing licensee must notify the board prior to beginning internet sales. A corporate entity representing multiple stores may notify the board in a single letter on behalf of affiliated licensees, as long as the liquor license numbers of all licensee locations utilizing internet sales privileges are clearly identified.

(5) **Delivery location.** Delivery shall be made only to a residence or business that has an address recognized by the United States postal service; however, the board may grant an exception to this rule at its discretion. A residence includes a hotel room, a motel room, or other similar lodging that temporarily serves as a residence.

(6) **Hours of delivery.** Liquor may be delivered each day of the week between the hours of 6:00 a.m. and 2:00 a.m. Delivery must be fully completed by 2:00 a.m.

(7) **Age requirement.**

(a) Per chapter 66.44 RCW, any person under twenty-one years of age is prohibited from purchasing, delivering, or accepting delivery of liquor.

(b) A delivery person must verify the age of the person accepting delivery before handing over liquor.

(c) If no person twenty-one years of age or older is present to accept a liquor order at the time of delivery, the liquor shall be returned.

(8) **Intoxication.** Delivery of liquor is prohibited to any person who shows signs of intoxication.

(9) **Containers and packaging.**

(a) Individual units of liquor must be factory sealed in bottles, cans or other like packaging. Delivery of growlers, jugs or other similar, nonfactory sealed containers is prohibited. For the purposes of

this subsection, "factory sealed" means that a unit is in one hundred percent resalable condition, with all manufacturer's seals intact.

(b) The outermost surface of a liquor package, delivered by a third party, must have language stating that:

(i) The package contains liquor;

(ii) The recipient must be twenty-one years of age or older; and

(iii) Delivery to intoxicated persons is prohibited.

(10) **Required information.**

(a) Records and files shall be retained at the licensed premises. Each delivery sales record shall include the following:

(i) Name of the purchaser;

(ii) Name of the person who accepts delivery;

(iii) Street addresses of the purchaser and the delivery location; and

(iv) Time and date of purchase and delivery.

(b) A private carrier must obtain the signature of the person who receives liquor upon delivery.

(c) A sales record does not have to include the name of the delivery person, but it is encouraged.

(11) **Web site requirements.** When selling over the internet, all web site pages associated with the sale of liquor must display a licensee's registered trade name.

(12) **Accountability.** A licensee shall be accountable for all deliveries of liquor made on its behalf.

(13) **Violations.** The board may impose administrative enforcement action upon a licensee, or suspend or revoke a licensee's delivery privileges, or any combination thereof, should a licensee violate any condition, requirement or restriction.



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Copy: Rick Garza, Agency Director
Peter Antolin, Deputy Director
Justin Nordhorn, Chief of Enforcement
Becky Smith, Licensing Director

Subject: **Approval of final rules (CR 103) to revise WAC 314-02-090 Non-Profit Arts Organization License.**

At the Board meeting on December 16, 2015, the rules coordinator requests that the Liquor and Cannabis Board approve the final rulemaking (CR 103) to revise WAC 314-02-090 Non-Profit Arts Organization License.

The Board was briefed on the rule making background and public comment for this rule making. An issue paper and text of the rules is attached.

If approved, the Rules Coordinator will send an explanation of the rule making to all persons who submitted comments.

After sending this explanation, the Rules Coordinator will file the rules with the Office of the Code Reviser. The effective date of the rules will be 31 days after filing.

_____ Approve _____ Disapprove _____
Jane Rushford, Chairman Date

_____ Approve _____ Disapprove _____
Ruthann Kurose, Board Member Date

_____ Approve _____ Disapprove _____
Russ Hauge, Board Member Date

Attachment: Issue Paper

Washington State Liquor and Cannabis Board

Issue Paper

Non-Profit Arts Organization License

Date: December 16, 2015

Presented by: Karen McCall, Agency Rules Coordinator

Description of the Issue

The purpose of this issue paper is to recommend that the Washington State Liquor and Cannabis Board (WSLCB) proceed with final rule making and adopt the revision to WAC 314-02-090 Non-Profit Arts Organization License.

Comments

Two written comments were received in support of this rule revision. No comments were received at the public hearing held on December 2, 2015.

Why is rule making necessary?

A petition for rulemaking was submitted by Carol Miller, Attorney, representing licensees who hold the nonprofit arts organization license. The licensees would like to allow alcohol consumption in the seating area of the theater during performances. The law does not specifically prohibit alcohol consumption in the seating area. The prohibition is in rule and can be revised.

What changes are being proposed?

Amended Section. WAC 314-02-090 Non-Profit Arts Organization License. Language has been added to allow consumption in the seating areas during performances.

WAC 314-02-090 What is a nonprofit arts organization license?

(1) Per RCW 66.24.495, this license allows a bona fide nonprofit organization to sell beer, wine, and spirits by the individual serving in conjunction with artistic or cultural exhibitions or performances.

(2) The nonprofit organization must be organized and operated for the purpose of providing artistic or cultural exhibitions, presentations, or performances or cultural or art education programs for viewing by the general public. See RCW 66.24.495(2) for specific organizational requirements.

(3) Alcohol sales and consumption may ~~((only))~~ occur in the seating areas during performances and in the lobby area and/or restricted bar area of the premises prior to the commencement of an exhibition or performance and during intermission.

~~((Alcohol is not allowed in the performance seating areas of the facility.))~~

(4) The annual fee for this license is two hundred fifty dollars.



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Justin Nordhorn, Chief of Enforcement
Becky Smith, Licensing Director

Subject: **Approval of final rules (CR 103) to implement 2015 liquor legislation.**

At the Board meeting on December 16, 2015, the rules coordinator requests that the Liquor and Cannabis Board approve the final rulemaking (CR 103) for rules to implement 2015 liquor legislation.

The Board was briefed on the rule making background and public comment for this rule making. An issue paper and text of the rules is attached.

If approved, the Rules Coordinator will send an explanation of the rule making to all persons who submitted comments.

After sending this explanation, the Rules Coordinator will file the rules with the Office of the Code Reviser. The effective date of the rules will be 31 days after filing.

<input type="checkbox"/> Approve	<input type="checkbox"/> Disapprove	_____	_____
		Jane Rushford, Chairman	Date
<input type="checkbox"/> Approve	<input type="checkbox"/> Disapprove	_____	_____
		Ruthann Kurose, Board Member	Date
<input type="checkbox"/> Approve	<input type="checkbox"/> Disapprove	_____	_____
		Russ Hauge, Board Member	Date

Attachment: Issue Paper

Washington State Liquor and Cannabis Board

Issue Paper

2015 Liquor Legislation Implementation

Date: September 9, 2015

Presented by: Karen McCall, Agency Rules Coordinator

Description of the Issue

The purpose of this issue paper is to recommend that the Washington State Liquor and Cannabis Board (WSLCB) proceed with final rule making and adopt rules to implement 2015 liquor legislation.

Why is rule making necessary?

New rules and revisions to current rules are needed to implement the following legislation that passed during the 2015 legislative session:

- **HB 1004 Alcohol Tasting by Students**
- **HB 1342 Microbrewery Sale of Cider**
- **ESSHB 1807 Small Businesses Selling Spirits**
- **SSB 5280 Beer and cider Growlers in Grocery Stores**
- **E2SSB 5353 Allowances for WA Distilleries**
- **SSB 5504 Liquor Stocking by Distributors**
- **SSB 5596 Winery Special Permit**
- **SB 5662 Promotional Items to Special Occasion Licensees by Domestic Breweries and Microbreweries**

Public Comment

Two written comments were received on this rulemaking. No public comment was received at the public hearing held December 2, 2015.

What changes are being proposed?

Amended Section. WAC 314-02-100 What is a grocery store? Added requirements for beer and wine growler sales. (SSB 5280)

Amended Section. WAC 314-02-104 Central warehousing. Added requirements for spirits retail licensees having spirits product delivered to another spirits retail licensees premises. (ESSHB 1807)

Amended Section. WAC 314-02-109 What are the quarterly reporting and payment requirements for a spirits retail licensee? Change the penalty amount on late payments from 2% to 1%. (ESSHB 1807)

Amended Section. WAC 314-05-025 Application process for a special occasion license. Changed the name of the board to liquor and cannabis board.

New Section. WAC 314-05-035 Branded promotional items. Created a rule to allow special occasion licensees to accept branded promotional items from domestic breweries and microbreweries and associated requirements. (SB 5662)

Amended Section. WAC 314-12-140 Prohibited practices – Contracts – gifts – Rebates. Added language allowing nonretail licensees employees between 18 and 21 years old to handle liquor under certain conditions and requirements. (SSB 5504)

Amended Section. WAC 314-20-015 Licensed brewers – Retail sales of beer on brewery premises – Beer served without change on premises – Spirits, beer, and wine restaurant operation. Added language allowing domestic breweries and microbreweries to sell cider produced by a domestic winery for on and off premises. Also included the allowance from past legislation allowing breweries and microbreweries to sell beer produced by another domestic brewery or microbrewery under certain conditions. (HB 1342)

Amended Section. WAC 314-28-010 Records. Changed the name of the board to liquor and cannabis board.

New Section. WAC 314-28-095 Farmer's market spirits sales. Added language clarifying the conditions and requirements regarding spirits sales at farmer's markets. (E2SSB 5353)

New Section. WAC 314-28-100 Consumer orders, internet sales, and delivery for distillery and craft distillery licensees. Created a rule clarifying the conditions and requirements for internet sales and delivery of spirits to customers by distillers and craft distillers. (E2SSB 5353)

Amended Section. WAC 314-38-060 Special permit for technician or community colleges, regional university, or state university, as authorized by RCW 66.20.010 (12) shall be called a class 15 permit. Revised rule to include regional university and state university. (HB 1004)

New Section. WAC 314-38-080 Class 18 special winery permit.

Created a rule clarifying the requirements for the new special winery permit.
(SSB 5596)

New Section. WAC 314-38-090 Class 19 special distillery permit.

Created a rule clarifying the requirements for the new special distillery permit.
(E2SSB 5353)

WAC 314-02-104 Central warehousing. (1) Each retail liquor licensee having a warehouse facility where they intend to receive wine and/or spirits must register their warehouse facility with the board and include the following information:

(a) Documentation that shows the licensee has a right to the warehouse property;

(b) If a warehouse facility is to be shared by more than one licensee, each licensee must demonstrate to the board that a recordkeeping system is utilized that will account for all wine and/or spirits entering and leaving the warehouse for each license holder. The system must also account for product loss;

(c) Licensees in a shared warehouse may consolidate their commitment for the amount of product they plan to order, but their orders must be placed separately and paid for by each licensee; and

(d) Alternatively, if the warehouse does not have a recordkeeping system that provides the required information, wine and/or spirits for each licensee in a shared warehouse must be separated by a physical barrier. Where physical separation is utilized, a sketch of the interior of the warehouse facility must be submitted indicating the designated area the licensee will be storing product. (Example: If ABC Grocery and My Grocery, each licensed to a different ownership entity, both lease space in a warehouse facility, the wine and/or spirits must be in separate areas separated by a physical barrier.)

(2) Spirits retail licensees may have spirits product delivered to their individual licensed premises, at any other spirits retail licensed premises, or at a warehouse facility registered with the board.

(a) Spirits retail licensees may negotiate a volume discount price with a spirits distributor to order spirits product as a group and have all product delivered to one spirits retail licensed premises.

(b) Spirits distributors may accept a group order for spirits and deliver to one spirits retail licensed premises and collect individual checks for payment from each spirits retail licensee that participated in the group order.

(c) Each spirits retail licensee will pick up their spirits product from the spirits retail licensed premises where the spirits product was delivered.

(3) Upon the request of the board, the licensee must provide any of the required records for review. Retail liquor licensees must keep the following records for three years:

(a) Purchase invoices and supporting documents for wine and/or spirits purchased;

(b) Invoices showing incoming and outgoing wine and/or spirits (product transfers);

(c) Documentation of the recordkeeping system in a shared warehouse as referenced in subsection (1)(b) of this section; and

(d) A copy of records for liquor stored in the shared warehouse.

~~((3))~~ (4) Each licensee must allow the board access to the warehouse for audit and review of records.

~~((4))~~ (5) If the wine and/or spirits for each licensee in a shared warehouse is not kept separate, and a violation is found, each licensee that has registered the warehouse with the board may be held accountable for the violation.

WAC 314-02-109 What are the quarterly reporting and payment requirements for a spirits retailer license? (1) A spirits retailer must submit quarterly reports and payments to the board.

The required reports must be:

(a) On a form furnished by the board;
(b) Filed every quarter, including quarters with no activity or payment due;

(c) Submitted, with payment due, to the board on or before the twenty-fifth day following the tax quarter (e.g., Quarter 1 (Jan., Feb., Mar.) report is due April 25th). When the twenty-fifth day of the month falls on a Saturday, Sunday, or a legal holiday, the filing must be postmarked by the U.S. Postal Service no later than the next postal business day; and

(d) Filed separately for each liquor license held.

(2) **What if a spirits retailer licensee fails to report or pay, or reports or pays late?** Failure of a spirits retailer licensee to submit its quarterly reports and payment to the board as required in subsection (1) of this section will be sufficient grounds for the board to suspend or revoke the liquor license.

A penalty of (~~two~~) one percent per month will be assessed on any payments postmarked after the twenty-fifth day quarterly report is due. When the twenty-fifth day of the month falls on a Saturday, Sunday, or a legal holiday, the filing must be postmarked by the U.S. Postal Service no later than the next postal business day.

Absent a postmark, the date received at the Washington state liquor control board, or designee, will be used to determine if penalties are to be assessed.

WAC 314-02-100 What is a grocery store license? (1) Per RCW 66.24.360, a grocery store license allows a licensee to sell beer and/or wine for off-premises consumption.

(2) The annual fee for this license is one hundred fifty dollars.

(3) In order to obtain and maintain a grocery store license, the premises must be stocked with an inventory of at least three thousand dollars wholesale value of food for human consumption, not including soft drinks, beer, or wine. This minimum inventory must be:

(a) Stocked within the confines of the licensed premises; and

(b) Maintained at the premises at all times the business is licensed, with the exception of:

(i) The beginning and closing inventory for seasonal operations; or

(ii) When the inventory is being sold out immediately prior to discontinuing or selling the business.

(4) A grocery store licensee may sell beer in kegs or other containers holding at least four gallons and less than five and one-half gallons of beer. See WAC 314-02-115 regarding keg registration requirements.

(5) A grocery store licensee may sell beer and wine over the internet. See WAC 314-03-020 regarding internet sales and delivery.

(6) A grocery store applicant or licensee may apply for an international exporter endorsement for five hundred dollars a year, which allows the sale of beer and wine for export to locations outside the United States.

(7) A grocery store applicant or licensee may apply for a beer and wine tasting endorsement which allows beer and wine tastings on the grocery store premises. The annual fee for this endorsement is two hundred dollars.

(8) A grocery store licensee may apply for an endorsement to sell beer and cider growlers.

(a) The licensee must have sales from beer and wine exceeding fifty percent of their total revenues or maintain an alcohol inventory of not less than fifteen thousand dollars.

(b) Beer and cider must be sold in sanitary containers provided by the purchaser, licensee or the manufacturer and filled by the employee at the time of purchase.

(c) The taps must be located behind a counter where only employees have access or the taps must have locks preventing use unless unlocked and operated by an employee.

(d) Only employees of the licensee are permitted to operate the taps.

(e) All employees operating a tap must hold a class 12 alcohol server permit.

(f) The cost for the endorsement is one hundred twenty dollars.

WAC 314-05-025 Application process for a special occasion license. (1) Special occasion applications normally take forty-five days to process. The liquor (~~control~~) and cannabis board may not be able to process your application in time for your event if you do not apply at least forty-five days before the event.

(2) Per RCW 66.24.010(8), when the liquor and cannabis board receives a special occasion application, it must send a notice to the local authority. The local authority has twenty days to respond with any input, and they may request an extension for good cause.

(3) The liquor (~~control~~) and cannabis board may run a criminal history check on the organization's officers and/or managers.

(4) The liquor (~~control~~) and cannabis board requires documentation to verify the organization is a (~~bona fide~~) bona fide nonprofit, who the true party(ies) of interest are in the organization, and that the organization meets the guidelines outlined in WAC 314-05-020 and 314-05-025.

(5) See chapter 314-07 WAC regarding possible reasons for denial of a special occasion license. Denials are subject to the provisions of the Administrative Procedure Act, chapter 34.05 RCW.

NEW SECTION

WAC 314-05-035 Branded promotional items. (1) Nothing in RCW 66.28.305 prohibits a licensed domestic brewery or microbrewery from providing branded promotional items which are of nominal value, singly or in the aggregate, to a nonprofit charitable corporation or association, exempt from taxation under 26 U.S.C. Sec. 501 (c)(3) of the Internal Revenue Code as it existed on the effective date of this section for use consistent with the purpose entitling it to such exemptions. Branded promotional items may not be targeted to or be especially appealing to youth.

(2) If the nonprofit charitable corporation or association applies for and receives a special occasion license, they are considered a liquor retailer and are required to comply with RCW 66.28.305. Branded promotional items:

(a) Must be used exclusively by the retailer in a manner consistent with its license;

(b) Must bear imprinted advertising matter of the industry member only, except imprinted advertising matter of the industry member can include the logo of a professional sports team which the industry member is licensed to use;

(c) May be provided by industry members only to retailers and their employees and may not be provided by or through retailers or their employees to retail customers; and

(d) May not be targeted to or be especially appealing to youth.

(3) An industry member is not obligated to provide such branded promotional items as a condition for selling alcohol to the retailer.

(4) Any industry member or retailer or any other person asserting the provision of branded promotional items as allowed in this section has resulted or is more likely than not to result in undue influence

or an adverse impact on public health and safety, or is otherwise inconsistent with the criteria of this section, may file a complaint with the liquor and cannabis board. Upon receipt of a complaint, the liquor and cannabis board may conduct such investigation as it deems appropriate.

(a) The liquor and cannabis board may issue an administrative violation notice to the industry member, the retailer, or both.

(b) The recipient of the administrative violation notice may request a hearing under chapter 34.05 RCW.

WAC 314-12-140 Prohibited practices—Contracts—Gifts—Rebates, etc. (1) No industry member or retailer shall enter into any agreement which causes undue influence over another retailer or industry member. This regulation shall not be construed as prohibiting the placing and accepting of orders for the purchase and delivery of liquor which are made in accordance with the usual and common business practice and which are otherwise in compliance with the regulations.

(2) No industry member shall advance and no retailer, any employee thereof, or applicant for a retail liquor license shall receive money or money's worth under any written or unwritten agreement or any other business practice or arrangement such as:

- (a) Gifts;
- (b) Discounts;
- (c) Loans of money;
- (d) Premiums;
- (e) Rebates;
- (f) Free liquor of any kind; or

(g) Treats or services of any nature whatsoever except such services as are authorized in this regulation.

(3) Pursuant to RCW (~~66.28.010~~) 66.28.310 and 66.44.318 an industry member or licensed agent may perform the following services for a retailer:

(a) Build, rotate, and restock displays, utilizing filled cases, filled bottles or filled cans of its own brands only, from stock or inventory owned by the retailer.

(b) Rotate, rearrange or replenish bottles or cans of its own brands on shelves or in the refrigerators but is prohibited from rearranging or moving displays of its products in such a manner as to cover up, hide or reduce the space of display of the products of any other industry member.

(c) Industry members or any employees thereof may move or handle in any manner any products of any other manufacturer, importer or distributor on the premises of any retail licensee when a two-day notice is given to other interested industry members or their agents and such activity occurs during normal business hours or upon hours that are mutually agreed.

(d) Provide price cards and may also price goods of its own brands in accordance with the usual and common business practice and which are otherwise in compliance with the regulations.

(e) Provide point of sale advertising material and brand signs.

(f) Provide sales analysis of beer and wine products based on statistical sales data voluntarily provided by the retailer involved for the purpose of proposing a schematic display for beer and wine products. Any statistical sales data provided by retailers for this purpose shall be at no charge.

(g) Such services may be rendered only upon the specific approval of the retail licensee. Displays and advertising material installed or supplied for use on a retailer's premises must be in conformity with the board's advertising rules as set forth in chapter 314-52 WAC.

(h) Licensees holding nonretail class liquor licenses are permitted to allow their employees between the ages of eighteen and twenty-one to stock, merchandise, and handle liquor on or about the:

(i) Nonretail premises if there is an adult twenty-one years of age or older on duty supervising such activities on the premises; and
(ii) Retail licensee's premises, except between the hours of 11:00 p.m. and 4:00 a.m., as long as there is an adult twenty-one years of age or older, employed by the retail licensee, and present at the retail licensee's premises during the activities.

Any act or omission of the nonretail class liquor licensee's employee occurring at or about the retail licensee's premises, which violates any provision of this title, is the sole responsibility of the nonretail class liquor licensee.

(4) No industry member or employee thereof shall, directly or indirectly, give, furnish, rent or lend to, or receive from, any retailer, any equipment, fixtures, supplies or property of any kind, nor shall any retail licensee, directly or indirectly, receive, lease or borrow from, or give or offer to, any industry member any equipment, fixtures, supplies or property of any kind. Sales authorized in this regulation shall be made on a cash on delivery basis only.

(5) No industry member or employee thereof shall sell to any retail licensee or solicit from any such licensee any order for any liquor tied in with, or contingent upon, the retailer's purchase of some other beverage, alcoholic or otherwise, or any other merchandise, property or service.

(6) In selling equipment, fixtures, supplies or commodities other than liquor, no industry member shall grant to any retailer, nor shall such retailer accept, more favorable prices than those extended to nonlicensed retailers. The price thereof shall be not less than the industry member's cost of acquisition. In no event shall credit be extended to any retailer.

(7) Any industry member who sells what is commonly referred to as heavy equipment and fixtures, such as counters, back bars, stools, chairs, tables, sinks, refrigerators or cooling boxes and similar articles, shall immediately after making any such sales have on file and available for inspection, records including a copy of the invoice covering each such sale, which invoice shall contain the following information:

(a) A complete description of the articles sold;

(b) The purchase price of each unit sold together with the total amount of the sale;

(c) Transportation costs and services rendered in connection with the installation of such articles; and

(d) The date of such sale and affirm that full cash payment for such articles was received from the retailer as provided in subsection (4) of this section.

(8) If the board finds in any instance that any licensee has violated this regulation, then all licenses involved shall be held equally responsible for such violation.

Note: WAC 314-12-140 is not intended to be a relaxation in any respect of section 90 of the Liquor Act (RCW 66.28.010). As a word of caution to persons desiring to avail themselves of the opportunity to sell to retail licensees fixtures, equipment and supplies subject to the conditions and restrictions provided in section 90 of the act and the foregoing regulation, notice is hereby given that, if at any time such privilege is abused or experience proves that as a matter of policy it should be further curtailed or eliminated completely, the board will be free to impose added restrictions or to limit all manufacturers and distributors solely to the sale of liquor when dealing with retail licensees. WAC 314-12-140 shall not be considered as granting any vested right to any person, and persons who engage in the business of selling to retail licensees property or merchandise of any nature voluntarily assume the risk of being divested of that privilege and they will undertake such business subject to this understanding. The board also cautions that certain trade practices are prohibited by rulings issued under the Federal Alcohol Administration Act by the United States Bureau of Alcohol, Tobacco and Firearms, and WAC 314-12-140 is not intended to conflict with such rulings or other requirements of federal law or regulations.

WAC 314-20-015 Licensed brewers—Retail sales of beer on brewery premises—Beer served without charge on premises—Spirit, beer and wine restaurant operation.

(1) A licensed brewer (~~((holding a proper retail license, pursuant to chapter 66.24 RCW,))~~) may sell:

(a) Beer of its own production at retail on the brewery premises(~~([.])~~);

(b) Beer produced by another microbrewery or a domestic brewery for on- and off-premises consumption from its premises as long as the other breweries brands do not exceed twenty-five percent of the microbrewery's on-tap offering of its own brands. Beer not of its own production must be purchased through normal distribution channels; and

(c) Cider produced by a domestic winery. Cider must be purchased through normal distribution channels.

(2) In selling beer and/or cider at retail, as provided in subsection (1) of this (~~(regulation))~~ section, a brewer shall conduct such operation in conformity with the statutes and regulations applicable to holders of such beer and/or wine retailers' licenses. The brewer shall maintain records of such retail operation separate from other brewery records.

(3) Upon written authorization of the board, pursuant to RCW 66.04.011, beer of a licensed brewer's own production may be consumed in designated parks and picnic areas adjacent to and held by the same ownership as the licensed brewer.

(4) A licensed brewer or a lessee of a licensed brewer operating a spirit, beer and wine restaurant, licensed pursuant to RCW 66.28.010, shall conduct such operation in conformity with the statutes and regulations which apply to holders of such spirit, beer and wine restaurant licenses.

(5) A brewer may serve its own beer and beer not of its own production without charge on the brewery premises, as authorized by RCW 66.28.040.

(6) No retail license or fee is required for the holder of a brewer's license to serve beer without charge on the brewery premises as set forth in subsection (5) of this (~~(regulation))~~ section. Before exercising this privilege, however, such brewer shall obtain approval of the proposed service area and facilities from the board. Such brewer shall maintain a separate record of all beer so served.

(7) A brewery is required to obtain the appropriate retail license to sell beer, wine, or spirits on the brewery premises that is not of its own production except as set forth in subsection (1) of this section pursuant to RCW 66.24.244.

AMENDATORY SECTION (Amending WSR 14-03-078, filed 1/15/14, effective 2/15/14)

WAC 314-38-060 Special permit for technical or community colleges, regional university, or state university as authorized by RCW 66.20.010(12) shall be called a class 15 permit. (1) The class 15 permit allows tasting of alcohol by persons between eighteen and twenty years old. The requirements for a class 15 permit are as follows:

(a) The permit applicant is a technical or community college, regional university, or state university;

(b) The permit allows tasting, not consuming of alcohol as part of the class curriculum with approval of the educational provider;

(c) The student must be enrolled in a required or elective class at the college premises as part of a culinary, sommelier, wine business, enology, viticulture, beer technology, wine technology, or spirituous technology-related degree program;

(d) The alcohol served to any person in the program under twenty-one years of age is tasted but not consumed for the purpose of educational training as part of the class curriculum with the approval of the educational provider;

(e) Faculty or staff of the educational provider must be at least twenty-one years of age, supervise the service and tasting, and hold a class 12 or class 13 alcohol server permit; and

(f) Students may not purchase the alcoholic beverages.

(2) There is no annual fee for this permit.

NEW SECTION

WAC 314-38-080 Class 18 special winery permit. (1) The special winery permit is for domestic wineries.

(2) A special winery permit allows a manufacturer of wine to have a private event not open to the general public at a specific place and date for the purpose of tasting wine and selling wine of its own production for off-premises consumption.

(3) The activities at the event are limited to the activities allowed on the winery premises.

(4) The winery must obtain the special permit by submitting an application for a class 18 special winery permit to the board with a ten dollar permit fee.

(a) The application must be submitted to the board at least ten days prior to the event.

(b) The special permit must be posted at the event.

(5) The winery is limited to twelve events per calendar year.

NEW SECTION

WAC 314-38-090 Class 19 special distillery permit. (1) A special distillery/craft distillery permit is for Washington distillers only.

(2) A special distillery/craft distillery permit allows a manufacturer of spirits to have a private event not open to the general public at a specific place and date for the purpose of tasting spirits and selling spirits of its own production for off-premises consumption.

(3) The activities at the event are limited to the activities allowed on the distillery/craft distillery premises.

(4) The distillery or craft distillery must obtain the special permit by submitting an application for a class 19 special distillery/craft distillery permit to the board with a ten dollar permit fee.

(a) The application must be submitted to the board at least ten days prior to the event.

(b) The special permit must be posted at the event.

(5) The licensee is limited to twelve events per calendar year.



PETITION FOR ADOPTION, AMENDMENT, OR REPEAL OF A STATE ADMINISTRATIVE RULE

Print Form

In accordance with [RCW 34.05.330](#), the Office of Financial Management (OFM) created this form for individuals or groups who wish to petition a state agency or institution of higher education to adopt, amend, or repeal an administrative rule. You may use this form to submit your request. You also may contact agencies using other formats, such as a letter or email.

The agency or institution will give full consideration to your petition and will respond to you within 60 days of receiving your petition. For more information on the rule petition process, see Chapter 82-05 of the Washington Administrative Code (WAC) at <http://apps.leg.wa.gov/wac/default.aspx?cite=82-05>.

CONTACT INFORMATION *(please type or print)*

Petitioner's Name JOHN WORTHINGTON
Name of Organization _____
Mailing Address 4500 SE 2ND PL
City RENTON State WA Zip Code 98059
Telephone 425-917-2235 Email worthingtonjw2u@hotmail.com

COMPLETING AND SENDING PETITION FORM

- Check all of the boxes that apply.
- Provide relevant examples.
- Include suggested language for a rule, if possible.
- Attach additional pages, if needed.
- Send your petition to the agency with authority to adopt or administer the rule. Here is a list of agencies and their rules coordinators: <http://www.leg.wa.gov/CodeReviser/Documents/RClis.htm>.

INFORMATION ON RULE PETITION

Agency responsible for adopting or administering the rule: WASHINGTON STATE LIQUOR CONTROL BOARD

1. NEW RULE - I am requesting the agency to adopt a new rule.

The subject (or purpose) of this rule is: _____

The rule is needed because: THE RULES FOR I-502 ARE INVALID BECAUSE THE WSLCB VIOLATED RCW 34.05

The new rule would affect the following people or groups: CANNABIS USERS

2. AMEND RULE - I am requesting the agency to change an existing rule.

List rule number (WAC), if known: _____

I am requesting the following change: _____

This change is needed because: _____

The effect of this rule change will be: _____

The rule is not clearly or simply stated: _____

3. REPEAL RULE - I am requesting the agency to eliminate an existing rule.

List rule number (WAC), if known: ALL I-502 WAC'S AND RULES. ITEMIZED IN ATTACHED THE MEMORANDUM

(Check one or more boxes)

It does not do what it was intended to do.

It is no longer needed because: _____

It imposes unreasonable costs: _____

The agency has no authority to make this rule: _____

It is applied differently to public and private parties: _____

It conflicts with another federal, state, or local law or rule. List conflicting law or rule, if known: _____

It duplicates another federal, state or local law or rule. List duplicate law or rule, if known: _____

Other (please explain): THE RULES ARE INVALID PURSUANT TO RCW 34.05.375.



Topic: Petition for Rulemaking to repeal current marijuana rules

Date: December 16, 2015

Presented by: Karen McCall

Problem or Opportunity

A petition for rulemaking was submitted by John Worthington, a private citizen. Mr. Worthington is requesting the board repeal all current rules adopted to implement Initiative 502. Mr. Worthington feels the board did not achieve the policy goals in Initiative 502. Mr. Worthington also feels the board violated RCW 35.05.375 which covers rulemaking procedures. He asserts that other agencies worked on rules that affect marijuana, but that the work of those agencies is not reflected in the Board’s rulemaking file. Materials sent with the petition refer to a “partnership” and that the Board “conducted rulemaking” with various entities that was not identified in the rulemaking file.

Background

The current rules for recreational marijuana are found in chapter 314-55 WAC. The board adopted the original rules to implement Initiative 502 in October, 2013. Since then several revisions to those rules and new rules have been adopted. Mr. Worthington submitted several hundred pages of attachments to his petition for rulemaking. All pages were provided to the board members for review. The actual petition for rulemaking is attached to this issue paper for your review.

Recommendation

Director’s Office staff recommends the board deny the petition for rulemaking for the following reasons:

- The Petition does not object to the substance of any particular rule, but only to the Board’s rule adoption process and alleged effect of the rules. Staff believes the proper rulemaking processes were followed and the rules properly implement the initiative.

<input type="checkbox"/> Approve	<input type="checkbox"/> Disapprove	_____	_____
		Jane Rushford, Chairman	Date

<input type="checkbox"/> Approve	<input type="checkbox"/> Disapprove	_____	_____
		Ruthann Kurose, Board Member	Date

<input type="checkbox"/> Approve	<input type="checkbox"/> Disapprove	_____	_____
		Russ Hauge, Board Member	Date