

Issue Paper

Rule Making on Private Label Spirits

Date: September 6, 2017

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 the first stage of rulemaking (CR 101) to draft rules for private label spirits.

Why is rule making necessary?

Rules are needed to clarify the requirements for private label spirits between a distiller, craft distiller, or spirits certificate of approval holder and a spirits retailer.

Process

The rule making process begins by announcing LCB's intent to change the existing rule by filing a CR 101 form. This allows staff and stakeholders to begin discussing necessary rule changes. At the CR 101 stage of the process, no proposed language is offered. The public may comment on the subject of this rulemaking during the designated comment period. Notice will be sent to all who have indicated that they want to receive notice of rule changes. The notice will identify the public comment period and where comments can be sent. Based on public input received, staff will draft proposed changes for presentation to the Board at the next phase of the rule making process.



Washington State Liquor and Cannabis Board

Date: September 6, 2017

To: Jane Rushford, Board Chair
Ollie Garrett, 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 a pre-proposal statement of inquiry (CR 101) to draft rules for Private Label Spirits**

Rules are needed to clarify the requirements for private label spirits.

Process

The Rules Coordinator requests approval to file the pre-proposal statement of inquiry (CR 101) for the rule making described above. An issue paper on this rule was presented at the Board meeting on September 6, 2017, and is attached to this order.

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

September 6, 2017	Board is asked to approve filing the pre-proposal statement of inquiry (CR 101)
September 20, 2017	Code Reviser publishes notice, LCB sends notice to rules distribution list
October 10, 2017	End of written comment period
October 18, 2017	Board is asked to approve filing the proposed rules (CR 102 filing)
November 1, 2017, 2017	Code Reviser publishes notice, LCB sends notice to rules distribution list
December 6, 2017	Public Hearing held
December 6, 2017	End of written comment period
December 20, 2017	Board is asked to adopt rules
December 20, 2017	Agency sends notice to those who commented both at the public hearing and in writing.
December 20, 2017	Agency files adopted rules with the Code Reviser (CR 103)

January 20, 2018	Rules are effective (31 days after filing)
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_____ Approve _____ Disapprove

Jane Rushford, Chair

Date

_____ Approve _____ Disapprove

_____ Ollie Garrett, Board Member _____ Date

_____ Approve _____ Disapprove

_____ Russ Hauge, Board Member _____ Date

Attachment: Issue Paper



Washington State
Liquor and Cannabis Board

Liquor and Cannabis Board Interim Policy BIP-02-2017

Subject: Private Label Spirits

Effective Date: September 6, 2017

Ending Date: Upon adoption of rules to implement this policy.

Approved:

Jane Rushford, Chairman

Ollie Garrett, Board Member

Russ Hauge, Board Member

Purpose:

The purpose of this interim policy is to clarify the requirements for production of private label spirits between a distiller, craft distiller, or spirits certificate of approval holder and a spirits retail licensee.

Policy Statement

(1) Distilleries, craft distilleries, or spirit certificate of approval holders may produce private label spirits for spirits retailers under the following conditions:

- There may be no exclusivity between the producer and the retailer for the private label spirits product. The product must be reasonably available to all retailers licensed to sell the spirits product;
- A copy of the contract between the producer and the spirits retailer for all private label spirits products must be submitted to the board; and
- The distiller, craft distiller, or spirits certificate of approval holder must submit a TTB certificate of label approval for each private label produced, to the board for review.