

Washington State Liquor and Cannabis Board

## **Issue Paper**

### **Rule Making on Private Label Spirits**

Date: January 24, 2018

Presented by: Karen McCall, Agency Rules Coordinator

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#### **Description of the Issue**

The purpose of this Issue Paper is to request approval from the Board to file revised proposed rules (Supplemental CR 102) for private label spirits.

#### **Why is rule making necessary?**

After the Public Hearing on November 29, 2017, revisions were made to the proposed rules based on stakeholder feedback. A supplemental CR 102 is required for these revisions.

#### **What changes are being made?**

**New Section. WAC 314-12-145 Private Label Spirits.** Includes the requirements for private label spirits.

NEW SECTION

**WAC 314-12-146 Private label spirits.** Distillers, crafter distillers, spirit certificate of approval holders, and manufacturers of spirits may produce private label spirits for on-premises and off-premises spirits retailers under the following conditions:

(1) There may be no exclusivity between the producer and the retailer for the private label spirit product. The spirit product must be reasonably available to all spirits retailers licensed to sell spirits;

(2) A copy of the contract between the producer and the spirits retailer for all private label spirits products must be available to the board for inspection; and

(3) The distiller, craft distiller, spirit certificate of approval holder, or manufacturer of spirits must submit a TTB certificate of label approval for each private label produced to the board for review.

Washington State Liquor and Cannabis Board

## **Issue Paper**

### **Acceptable forms of ID**

Date: January 24, 2018

Presented by: Karen McCall, Agency Rules Coordinator

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#### **Description of the Issue**

The purpose of this Issue Paper is to request approval from the Board to file proposed rules (CR 102) to revise WAC 314-11-025 What are the forms of acceptable identification?

#### **Why is rule making necessary?**

A petition for rulemaking was submitted by a private citizen requesting the board revise WAC 314-11-025 to allow NEXUS cards and passport cards to be acceptable forms of identification for purchasing alcohol.

#### **What changes are being made?**

**Amended Section. WAC 314-11-025 What are the forms of acceptable identification?** Added the NEXUS card and passport card to the list of acceptable forms of identification to verify a person's age.

**WAC 314-11-025 What are the forms of acceptable identification?**

(1) Following are the forms of identification that are acceptable to verify a person's age for the purpose of selling, serving, or allowing a person to possess or consume alcohol:

(a) Driver's license, instruction permit, or identification card of any state, or province of Canada, from a U.S. territory or the District of Columbia, or "identocard" issued by the Washington state department of licensing per RCW 46.20.117;

(b) United States armed forces identification card issued to active duty, reserve, and retired personnel and the personnel's dependents, which may include an embedded, digital signature in lieu of a visible signature;

(c) Passport, passport card, NEXUS card;

(d) Merchant Marine identification card issued by the United States Coast Guard; and

(e) Enrollment card issued by the governing authority of a federally recognized Indian tribe located in Washington, if the enrollment card incorporates security features comparable to those implemented by the department of licensing for Washington driver's licenses.

(2) If the identification document has an expiration date, a person may not use the document after the expiration date to verify his or her age.

Washington State Liquor and Cannabis Board

## **Issue Paper**

# **Self-Dispensing Beer and Wine Machines**

Date: January 24, 2018

Presented by: Karen McCall, Agency Rules Coordinator

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## **Description of the Issue**

The purpose of this Issue Paper is to request approval from the Board to file proposed rules (CR 102) to allow the use of self-dispensing beer and wine machines by on-premises beer and wine licensees.

## **Why is rule making necessary?**

A petition for rulemaking was submitted the liquor licensee of Tri-Cities Tap and Barrel, a tavern license. The licensee has requested the board open rulemaking to allow the use of self-dispensing wine machines in on-premises retail licensed locations.

## **Background**

The board adopted Interim Policy #01-2011 on February 2, 2011, which allows the use of self-dispensing wine machines for wine tastings at a winery premises with proper supervision.

The board also adopted Interim Policy #07-2011 on August 10, 2011, allowing the use of self-service beer taps at a liquor licensed premises.

Permanent rules are needed to clarify the requirements needed for licensee's to use self-dispensing beer and wine machines in their businesses.

## **What changes are being made?**

**New Section. WAC 314-12-145 Private Label Spirits.** Includes the requirements for private label spirits.



Washington State  
**Liquor and Cannabis Board**

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**Date:** March 7, 2018

**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 revised proposed rules (Supplemental CR 102) for the use of self-dispensing beer and wine machines**

This rulemaking is the result of a petition for rulemaking submitted by the liquor licensee of Tri-Cities Tap and Barrel, a tavern license. The licensee requested the board open rulemaking to allow the use of self-dispensing wine machines in on-premises retail licensed locations. Comments received on the proposed rules are the reason for the revisions to these rules.

**Process**

The Rules Coordinator requests approval to file revised proposed rules (Supplemental CR 102) for the rule making described above. An issue paper on this rule was presented at the Board meeting on March 7, 2018, and is attached to this order.

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

March, 2018	Board is asked to approve filing the revised proposed rules (Supplemental CR 102 filing)
March 21, 2018	Code Reviser publishes notice, LCB sends notice to rules distribution list
April 18, 2018	Public Hearing held
April 18, 2018	End of written comment period
May 2, 2018	Board is asked to adopt rules
May 2, 2018	Agency sends notice to those who commented both at the public hearing and in writing.
May 2, 2018	Agency files adopted rules with the Code Reviser (CR 103)
June 2, 2018	Rules are effective (31 days after filing)

\_\_\_\_\_ 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

## **Issue Paper**

# **Self-Dispensing Beer and Wine Machines**

Date: March 7, 2018

Presented by: Karen McCall, Agency Rules Coordinator

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## **Description of the Issue**

The purpose of this Issue Paper is to request approval from the Board to file revised proposed rules (Supplemental CR 102) to allow the use of self-dispensing beer and wine machines by on-premises beer and wine licensees.

## **Why is rule making necessary?**

A petition for rulemaking was submitted the liquor licensee of Tri-Cities Tap and Barrel, a tavern license. The licensee has requested the board open rulemaking to allow the use of self-dispensing wine machines in on-premises retail licensed locations. Comments received on the proposed rules are the reason for the revisions to these rules.

## **Background**

The board adopted Interim Policy #01-2011 on February 2, 2011, which allows the use of self-dispensing wine machines for wine tastings at a winery premises with proper supervision.

The board also adopted Interim Policy #07-2011 on August 10, 2011, allowing the use of self-service beer taps at a liquor licensed premises.

Permanent rules are needed to clarify the requirements needed for licensee's to use self-dispensing beer and wine machines in their businesses.

## **What changes are being made?**

**New Section. WAC 314-12-085 Self-dispensing wine machines and self-service beer taps.** Includes the requirements for on-premises licensees to use self-dispensing wine machines and self-service beer taps.



NEW SECTION

**WAC 314-12-085 Self-dispensing wine machines and self-service beer taps.** (1) The requirements for an on-premises liquor licensee to use self-dispensing wine machines are as follows:

(a) The liquor licensee must maintain adequate staff to monitor for potential over service/consumption;

(b) Employees responsible for operating the self-dispensing machines must hold a class 12 or class 13 alcohol server permit;

(c) An employee must first check the customer's ID and check for signs of intoxication; and

(d) A service card to self-dispense must be purchased from an employee. The card may allow no more than a total of ten ounces dispensed in five ounce servings. No more than two cards may be purchased by any one customer at any time.

(2) The requirements for an on-premises liquor licensee to use self-service beer taps are as follows:

(a) The liquor licensee must maintain adequate staff to monitor for potential over service/consumption;

(b) Employees responsible for operating the self-service beer taps must hold a class 12 or class 13 alcohol server permit;

(c) An employee must first check the customer's ID and check for signs of intoxication prior to activating the system;

(d) The system must be programmed to automatically deactivate after the beer has been dispensed;

(e) The amount of beer purchased by any one customer at one time is twenty-four ounces dispensed in twelve ounce servings;

(f) Employees must have the ability to deactivate the system remotely, which allows the employee to control the amount of beer dispensed at all times.



## Liquor and Cannabis Board Interim Policy BIP-02-2018

**Subject:** Curbside Service to Allow Certain Liquor Licensed Retailers to Provide Curbside Service for Customers Using Online Ordering and Pickup (WAC 314-11-015 and chapter 314-03 WAC)

**Effective Date:** March 7, 2018

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

**Approved:**

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Jane Rushford, Chair

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Ollie Garret, Board Member

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Russ Hauge, Board Member

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### **Purpose:**

This interim policy will allow liquor licensed retailers to provide curbside service to customers who order groceries online and pick them up in designated pick up areas outside of grocery stores. Drive through service is still prohibited.

### **Policy Statement**

In an effort to accommodate online grocery ordering and pick up programs, and until rules are adopted, curbside pickup of groceries that include spirits, beer, and wine are allowed under the following conditions:

- Store employees must verify ID at pickup;
- If ID cannot be verified, or if the driver appears intoxicated, all alcohol will be removed from the order and the customer will not be charged for any removed products



**Washington State  
Liquor and Cannabis Board**

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**Date:** March 7, 2018

**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 address spirits distributor license fees.**

On August 8, 2017, the Court of Appeals of Washington, Division Two issued an order re: Washington Restaurant Association, et.al., v. WSLCB, 200 Wn.App. 119, 401 P.3d 428 (2017) which states, in part, that distributor fees cannot be collected from licensed distillers or certificate of approval holders who sell directly to a retailer. Rulemaking will ensure the rules are compliant with the order and any applicable RCW.

**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 March 7, 2018, and is attached to this order.

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

March 7, 2018	Board is asked to approve filing the pre-proposal statement of inquiry (CR 101)
March 21, 2018	Code Reviser publishes notice, LCB sends notice to rules distribution list
April 21, 2018	End of written comment period
May 2, 2018	Board is asked to approve filing the proposed rules (CR 102 filing)
May 16, 2018	Code Reviser publishes notice, LCB sends notice to rules distribution list
June 13, 2018	Public Hearing held
June 13, 2018	End of written comment period
June 27, 2018	Board is asked to adopt rules

June 27, 2018	Agency sends notice to those who commented both at the public hearing and in writing.
June 27, 2018	Agency files adopted rules with the Code Reviser (CR 103)
July 31, 2018	Rules are effective (31 days after filing)

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

## **Issue Paper**

### **Spirits Distributor License Fees**

Date: March 7, 2018

Presented by: Karen McCall, Agency Rules Coordinator

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#### **Description of the Issue**

The purpose of this Issue Paper is to request approval from the board to file the first stage of rule making (CR 101) to address spirits distributor license fees as a result of the August 8, 2017 Court of Appeals Order re: Washington Restaurant Association, et.al., v. WSLCB, 200 Wn.App. 119, 401 P.3d 428 (2017).

#### **Why is rule making necessary?**

Rulemaking is necessary based on the above-referenced Court of Appeals Order. The order clarifies that distributor fees cannot be collected from licensed distillers or certificate of approval holders who sell directly to a retailer. Rulemaking will ensure the rules are compliant with the order and any applicable RCW. With distillers and certificate of approval holders not paying distributor fees, rules are needed to address the requirement in statute that retailers pay distributor fees on sales of spirits for resale when no prior distributor fee has been paid on the product.

#### **Process**

The rule making process begins by announcing LCB's intent to add and make changes to existing rules 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.



## **Liquor and Cannabis Board Interim Policy BIP-03-2018**

**Subject:** Temporary suspension of 24-hour “quarantine” for marijuana licensees prior to transferring product

**Effective Date:** March 7, 2018

**Ending Date:** Until Board rescission or upon adoption of rules to implement this policy.

**Approved:**

\_\_\_\_\_  
Jane Rushford, Chair

\_\_\_\_\_  
Ollie Garrett, Board Member

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Russ Hauge, Board Member

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### **Purpose:**

This Interim Policy temporarily lifts the requirement that marijuana licensees observe a 24-hour “quarantine” period prior to transfers of products to other licensees. This change is to alleviate difficulties experienced by licensees in transferring product as we continue to implement the new state traceability system. The WSLCB will continue to assess the necessity or advisability of the 24-hour “quarantine” prior to transferring product in the coming months as we adjust to the new traceability system, and will continue looking into the potential removal of this requirement in current rulemaking activities.

### **Policy Statement**

The 24-hour mandatory waiting period or “quarantine” prior to transferring product required under WAC 314-55-083(4)(g) is hereby suspended until further notice or until rules to implement this change are adopted. Marijuana licensees may transfer product to other licensees while this Interim Policy remains in effect without observing the 24-hour waiting period prior to transfer. All other rules relating to transfers, manifests, and transportation remain in effect and it is the licensee’s responsibility to ensure complete and accurate recordkeeping is maintained.