



Washington State
Liquor and Cannabis Board

Date: July 22, 2020

To: Jane Rushford, Board Chair
 Ollie Garrett, Board Member
 Russ Hauge, Board Member

From: Audrey Vasek, Policy and Rules Coordinator

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

Subject: **Approval to file a pre-proposal statement of inquiry (CR 101) to implement alcohol-related 2020 legislation.**

The Washington State Liquor and Cannabis Board (Board) is considering establishing new rule sections and amending existing rule sections to implement the requirements of alcohol-related legislation enacted during the 2020 legislative session, including House Bill (HB) 2412 (chapter 230, Laws of 2020), Engrossed Substitute Senate Bill (ESSB) 5006 (chapter 186, Laws of 2020), Engrossed Substitute Senate Bill (ESSB) 6095 (chapter 200, Laws of 2020), and Substitute Senate Bill (SSB) 6392 (chapter 210, Laws of 2020).

Process

The Policy and Rules Coordinator requests approval to file the pre-proposal statement of inquiry (CR 101) for the rule making described above. A CR 101 Memorandum was presented at the Board meeting on July 22, 2020, and is attached to this order.

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

July 22, 2020	The CR 101 is filed with the Office of the Code Reviser. The LCB webpage is updated and notice is circulated by the rules distribution list. The informal comment period begins.
August 5, 2020	Notice is published in the Washington State Register under WSR #20-15.
September 4, 2020	The informal comment period ends.
September 16, 2020	The Board is asked to approve filing proposed rules (CR 102).

	The CR 102 is filed with the Office of the Code Reviser. The LCB webpage is updated and notice is circulated by the rules distribution list. The formal comment period begins.
October 7, 2020	Notice is published in the Washington State Register under WSR #20-19.
October 28, 2020	The public hearing is held and the formal comment period ends.
November 25, 2020	The board is asked to adopt rules, if no substantive changes are made (CR 103). The concise explanatory statement is provided to individuals offering written or oral comment at the public hearing or during the formal comment period under RCW 34.05.325. The CR 103 and adopted rules are filed with the Office of the Code Reviser. The LCB webpage is updated and notice is circulated by the rules distribution list.
December 26, 2020	The rules are effective 31 days after filing unless otherwise specified under RCW 34.05.380(2).

Approve Disapprove _____ Jane Rushford, Chair _____ Date

Approve Disapprove _____ Ollie Garrett, Board Member _____ Date

Approve Disapprove _____ Russ Hauge, Board Member _____ Date

Attachment: CR 101 Memorandum.



CR 101 Memorandum

Re: Implementation of alcohol-related 2020 legislation.

Date: July 22, 2020

Presented by: Audrey Vasek, Policy and Rules Coordinator

Background

During the 2020 legislative session, several alcohol-related bills were enacted, including House Bill (HB) 2412 (chapter 230, Laws of 2020), Engrossed Substitute Senate Bill (ESSB) 5006 (chapter 186, Laws of 2020), Engrossed Substitute Senate Bill (ESSB) 6095 (chapter 200, Laws of 2020), and Substitute Senate Bill (SSB) 6392 (chapter 210, Laws of 2020).

Reasons Why Rules Are Needed

Rules may be needed to implement the provisions of HB 2412, ESSB 5006, ESSB 6095, and SSB 6392.

HB 2412 increases the number of retail liquor licenses that a licensed domestic brewery or microbrewery may hold from two to four, and exempts licensed domestic breweries and microbreweries from certain keg registration and identification requirements. Existing rule sections may need to be amended in order to align existing rule language with the changes made to statute by HB 2412.

ESSB 5006 creates a new type of endorsement that allows a licensed domestic winery to sell beer by the single serving for on-premises consumption and allows a licensed domestic brewery or microbrewery to sell wine by the single serving for on-premises consumption, under certain circumstances. New rule sections may be needed to establish this endorsement.

ESSB 6095 makes changes to the interstate common carrier license and creates new exceptions to the money or moneys' worth restrictions under the three-tier system for alcohol regulation. Existing rule sections may need to be amended and a new rule section may need to be created in order to align the existing rule language with the changes made to statute by ESSB 6095.

SSB 6392 creates a new type of license for local wine associations, and a new rule section may be needed to establish this license.

Process

The rule making process begins by announcing LCB's intent to consider changes to existing rules, adding new rule sections, or both by filing a CR 101 form with the Office of the Code Reviser. This allows staff, stakeholders, industry partners, and all members of the authorizing environment to begin discussing proposed rule changes. At the CR 101 stage of the rulemaking process, no proposed language is offered. Any interested party may comment on the subject of this possible rulemaking during the designated comment period. Notice will be sent to all who have indicated that they want to receive notice of rule activity pertaining to this preproposal inquiry. The notice will identify the public comment period and where comments can be sent.

PREPROPOSAL STATEMENT OF INQUIRY



CR-101 (October 2017) (Implements RCW 34.05.310)

Do **NOT** use for expedited rule making

Agency: Washington State Liquor and Cannabis Board

Subject of possible rule making: The Washington State Liquor and Cannabis Board (Board) is considering establishing new rule sections and amending existing rule sections to implement the requirements of alcohol-related legislation enacted during the 2020 legislative session, including House Bill (HB) 2412 (chapter 230, Laws of 2020), Engrossed Substitute Senate Bill (ESSB) 5006 (chapter 186, Laws of 2020), Engrossed Substitute Senate Bill (ESSB) 6095 (chapter 200, Laws of 2020), and Substitute Senate Bill (SSB) 6392 (chapter 210, Laws of 2020).

Statutes authorizing the agency to adopt rules on this subject: RCW 66.08.030, 66.08.050, 66.28.220, and 66.28.320.

Reasons why rules on this subject may be needed and what they might accomplish: Rules may be needed to implement the provisions of HB 2412 (chapter 230, Laws of 2020), ESSB 5006 (chapter 186, Laws of 2020), ESSB 6095 (chapter 200, Laws of 2020), and SSB 6392 (chapter 210, Laws of 2020).

HB 2412 increases the number of retail liquor licenses that a licensed domestic brewery or microbrewery may hold from two to four, and exempts licensed domestic breweries and microbreweries from certain keg registration and identification requirements. Existing rule sections may need to be amended in order to align existing rule language with the changes made to statute by HB 2412.

ESSB 5006 creates a new type of endorsement that allows a licensed domestic winery to sell beer by the single serving for on-premises consumption and allows a licensed domestic brewery or microbrewery to sell wine by the single serving for on-premises consumption, under certain circumstances. New rule sections may be needed to establish this endorsement.

ESSB 6095 makes changes to the interstate common carrier license and creates new exceptions to the money or moneys' worth restrictions under the three-tier system for alcohol regulation. Existing rule sections may need to be amended and a new rule section may need to be created in order to align the existing rule language with the changes made to statute by ESSB 6095.

SSB 6392 creates a new type of license for local wine associations, and a new rule section may be needed to establish this license.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies: None identified.

Process for developing new rule (check all that apply):

- Negotiated rule making
- Pilot rule making
- Agency study
- Other (describe) Collaborative rule making.

Interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication by contacting:

(If necessary)

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Other:

Phone:
Fax:
TTY:
Email:
Web site:
Other:

Additional comments: Interested parties may participate in the WSLCB collaborative rule making process.

Date: July 22, 2020

Name: Jane Rushford

Title: Chair

Signature:

Place signature here