



Washington State  
**Liquor and Cannabis Board**

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**Date:** April 27, 2022

**To:** David Postman, Board Chair  
 Ollie Garrett, Board Member

**From:** Audrey Vasek, Policy and Rules Coordinator

**Copy:** Rick Garza, Agency Director  
 Toni Hood, Agency Deputy Director  
 Chandra Brady, Director of Enforcement and Education  
 Becky Smith, Licensing Director  
 Justin Nordhorn, Policy and External Affairs Director  
 Kathy Hoffman, Policy and Rules Manager

**Subject:** **Approval to file a pre-proposal statement of inquiry (CR 101) regarding implementation of 2022 legislation SB 5940 creating a contract packaging services endorsement for domestic alcohol manufacturer licensees (breweries, wineries, distilleries).**

The Washington State Liquor and Cannabis Board is considering creating a new rule section to implement 2022 legislation SB 5940 (chapter 64, Laws of 2022; effective date June 9, 2022). SB 5940 created a new endorsement allowing domestic alcohol manufacturer licensees, such as breweries, wineries, and distilleries, to contract with each other, and with other non-liquor licensed businesses if the contract does not include alcohol products, to provide certain packaging services including, but not limited to, canning, bottling, bagging, mixing, and repacking.

**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 April 27, 2022, and is attached to this order.

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

April 27, 2022	Board is asked to approve filing pre-proposal statement of inquiry (CR 101). CR 101 is filed with the Office of the Code Reviser. Webpage is updated and notice circulated by GovDelivery distribution list. Informal comment period begins.
May 18, 2022	Notice is published in the Washington State Register

	under WSR 22-10.
June 17, 2022	Informal comment period ends.
July 6, 2022	Board is asked to approve filing proposed rules (CR 102). CR 102 is filed with the Office of the Code Reviser. Webpage is updated and notice circulated by the rules distribution list. Formal comment period begins.
July 20, 2022	Notice is published in the Washington State Register under WSR 22-14.
August 17, 2022	Public hearing is held and formal comment period ends.
August 31, 2022	Board is asked to adopt rules, if no substantive changes are made (CR 103). Concise Explanatory Statement is provided to individuals offering written or oral comment at the public hearing or during the formal comment period, consistent with RCW 34.05.325. CR 103 and adopted rules are filed with the Office of the Code Reviser. Webpage is updated and notice circulated by GovDelivery distribution list.
October 1, 2022	Rules are effective 31 days after filing unless otherwise specified. See RCW 34.05.380(2).

\_\_\_\_\_ Approve      \_\_\_\_\_ Disapprove      \_\_\_\_\_  
David Postman, Chair      \_\_\_\_\_  
Date

\_\_\_\_\_ Approve      \_\_\_\_\_ Disapprove      \_\_\_\_\_  
Ollie Garrett, Board Member      \_\_\_\_\_  
Date

Attachment: CR 101 Memorandum.



## **CR 101 Memorandum**

### **Regarding implementation of 2022 legislation SB 5940 creating a contract packaging services endorsement for domestic alcohol manufacturer licensees (breweries, wineries, distilleries).**

Date: April 27, 2022  
Presented by: Audrey Vasek, Policy and Rules Coordinator

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### **Background**

The Washington State Liquor and Cannabis Board is considering creating a new rule section to implement 2022 legislation SB 5940 (chapter 64, Laws of 2022; effective date June 9, 2022). SB 5940 created a new endorsement allowing domestic alcohol manufacturer licensees, such as breweries, wineries, and distilleries, to contract with each other, and with other non-liquor licensed businesses if the contract does not include alcohol products, to provide certain packaging services including, but not limited to, canning, bottling, bagging, mixing, and repacking.

### **Reasons Why Rules Are Needed**

Current agency rules do not reflect the new contract packaging services endorsement created by SB 5940. Creation of a new rule section incorporating the provisions in SB 5940 is needed to ensure that agency rules are aligned with the law, and to help inform licensees about the availability of the endorsement and its requirements.

### **Process**

The rulemaking process begins by announcing the Board's intent to consider changes to existing rules, add new rule sections, or both by filing a pre-proposal statement of inquiry (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 possible rule changes.

At the CR 101 stage of the rulemaking process, no proposed language is offered. Any interested person 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 related to this pre-

proposal statement of 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:** New Section WAC 314-XX-XXX. Contract Packaging Services Endorsement for Domestic Alcohol Manufacturer Licensees (Breweries, Wineries, and Distilleries). The Washington State Liquor and Cannabis Board (WSLCB) is considering creating new rule sections and amending or repealing existing rule sections in Title 314 WAC as necessary to implement SB 5940 (chapter 64, Laws of 2022; effective date June 9, 2022).

**Statutes authorizing the agency to adopt rules on this subject:** SB 5940 (chapter 64, Laws of 2022); RCW 66.08.030.

**Reasons why rules on this subject may be needed and what they might accomplish:** Rules are needed to implement SB 5940, which created a new endorsement available to domestic alcohol manufacturer licensees (i.e. breweries, wineries, and distilleries) beginning June 9, 2022. The new endorsement allows domestic alcohol manufacturer licensees to contract with each other, and with other non-liquor licensed businesses if the contract does not include alcohol products, to provide certain packaging services including, but not limited to, canning, bottling, bagging, mixing, and repacking. Current WSLCB rules do not reflect the contract packaging services endorsement created by SB 5940. Creation of a new rule section and amendments to existing rules are needed to ensure that WSLCB rules are aligned with the provisions in SB 5940, and to help inform licensees about the availability of the endorsement and its requirements.

**Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies:** The WSLCB will consult and coordinate with the U.S. Department of the Treasury, Alcohol and Tobacco Tax and Trade Bureau (TTB) regarding alignment of state and federal regulations.

**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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TTY:	TTY:
Email: rules@lcb.wa.gov	Email:
Web site: lcb.wa.gov	Web site:
Other:	Other:

Additional comments: Interested persons can participate in the rule process through open public meetings and by submitting written comments, and are encouraged to sign up for the interested parties list (GovDelivery) at <https://public.govdelivery.com/accounts/WALCB/subscriber/new>. Rule-making notices and stakeholder engagement opportunities will be emailed via GovDelivery and posted to the WSLCB website at lcb.wa.gov.

<b>Date:</b> April 27, 2022	<b>Signature:</b>  Place signature here
<b>Name:</b> David Postman	
<b>Title:</b> Chair	