



Washington State
Liquor and Cannabis Board

Date: July 20, 2022

To: David Postman, Board Chair
Ollie Garrett, Board Member
Jim Vollendroff, Board Member

From: Audrey Vasek, Policy and Rules Coordinator

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

Subject: **Board approval of CR 102 to implement 2022 legislation SB 5940 creating a contract packaging services endorsement for breweries, wineries, and distilleries.**

The Policy and Rules Coordinator requests approval to file a rule proposal (CR 102) to implement 2022 legislation SB 5940, as described in the CR 102 Memorandum attached to this order and presented at the Board meeting on July 20, 2022. If approved for filing, the tentative timeline for this rule proposal is as follows:

July 20, 2022	Board is asked to approve filing proposed rules (CR 102). CR 102 filed with the Office of the Code Reviser. WSLCB webpage updated and notice circulated by GovDelivery distribution list. Formal comment period begins.
August 3, 2022	Notice published in the Washington State Register under WSR 22-15.
August 31, 2022	Public hearing held and formal comment period ends.
No earlier than September 14, 2022	Board is asked to adopt rules if no substantive changes are made (CR 103). Concise Explanatory Statement provided to individuals who offered 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. WSLCB webpage updated and notice circulated by



CR 102 Memorandum

Regarding implementation of 2022 legislation SB 5940 creating a contract packaging services endorsement for breweries, wineries, and distilleries.

Date: July 20, 2022
Presented by: Audrey Vasek, Policy and Rules Coordinator

Background

On April 27, 2022, the Washington State Liquor and Cannabis Board (WSLCB) filed a CR 101 preproposal statement of inquiry (WSR# 22-10-035) to consider creating new rule sections to implement 2022 legislation SB 5940 (chapter 64, Laws of 2022; codified as [RCW 66.24.248](#)). SB 5940 created a new endorsement allowing 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, such as canning, bottling, bagging, mixing, and repacking.

Stakeholder Engagement

The CR 102 rule proposal was developed through a collaborative rule development process. Conceptual draft rule language was developed through a series of internal project team meetings including WSLCB staff from the Licensing Division, Enforcement and Education Division, and Finance Division, and the conceptual draft rules were shared publicly through GovDelivery with feedback requested between June 9 and June 24, 2022. This messaging is included as Attachment A to this memorandum.

In response to the GovDelivery messaging requesting feedback on the conceptual draft rules, the agency received five public comments. These comments are included in Attachment B to this memorandum and were taken into consideration as the rule proposal was developed. One response was outside the scope of this rule project, one response was in support of the rulemaking, and another response was against the idea of more regulations.

Estimated Costs of Compliance

Under the Regulatory Fairness Act (RFA) in chapter 19.85 RCW, agencies are required to consider the costs that complying with the proposed rules will impose on businesses.

The CR 102 form describes this analysis in more detail. In summary, the proposed rules implement a legislatively created endorsement and are largely exempt from the RFA's Small Business Economic Impact Statement (SBEIS) requirement. Overall, the agency anticipates that businesses will have very minor one-time administrative costs related to the time (estimated at 10-15 minutes) needed to apply for the endorsement during the initial application year.

Rule Necessity

New rules are needed to implement SB 5940, align agency rules with the new law, and inform licensees about the availability of the endorsement and its requirements.

Description of Rule Changes

New Section WAC 314-20-350. Contract packaging services endorsement for domestic breweries and microbreweries. The proposed new rule section describes the contract packaging services endorsement and how to submit an application for an endorsement. The term "good standing" is defined as currently licensed, not suspended, and having the proper federal alcohol and tobacco tax and trade bureau permits.

New Section WAC 314-24-350. Contract packaging services endorsement for domestic wineries. The proposed new rule section describes the contract packaging services endorsement and how to submit an application for an endorsement. The term "good standing" is defined as currently licensed, not suspended, and having the proper federal alcohol and tobacco tax and trade bureau permits.

New Section WAC 314-28-350. Contract packaging services endorsement for domestic distilleries and craft distilleries. The proposed new rule section describes the contract packaging services endorsement and how to submit an application for an endorsement. The term "good standing" is defined as currently licensed, not suspended, and having the proper federal alcohol and tobacco tax and trade bureau permits.

Amended WAC 314-11-065. Types of liquor allowed on a licensed premises. The proposed rule amendments to this section would allow licensees with a contract packaging services endorsement to keep other types of liquor on the premises as needed to provide contract packaging services. The proposed rule amendments also make a non-substantive change to the caption, changing it from a question format ("What type of liquor is allowed on a licensed premises?") to a statement format ("Types of liquor allowed on a licensed premises.").

Attachments:

Attachment A. *GovDelivery message requesting public feedback on conceptual draft rules, sent June 9, 2022.*

Attachment B. *Table containing public feedback received on the CR 101 and conceptual draft rules.*



PROPOSED RULE MAKING

CR-102 (December 2017) (Implements RCW 34.05.320)

Do NOT use for expedited rule making

Agency: Washington State Liquor and Cannabis Board

☒ **Original Notice**

☐ **Supplemental Notice to WSR** _____

☐ **Continuance of WSR** _____

☒ **Preproposal Statement of Inquiry was filed as WSR 22-10-035 ; or**

☐ **Expedited Rule Making--Proposed notice was filed as WSR** _____; or

☐ **Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1); or**

☐ **Proposal is exempt under RCW** _____.

Title of rule and other identifying information: (describe subject) The Washington State Liquor and Cannabis Board (WSLCB) proposes new rules and amendments to an existing rule to implement SB 5940 (chapter 64, Laws of 2022; codified as RCW 66.24.248):

- New Section WAC 314-20-350, Contract packaging services endorsement for domestic breweries and microbreweries.
- New Section WAC 314-24-350, Contract packaging services endorsement for domestic wineries.
- New Section WAC 314-28-350, Contract packaging services endorsement for domestic distilleries and craft distilleries.
- Amended Section WAC 314-11-065, Types of liquor allowed on a licensed premises.

Hearing location(s):

Date:	Time:	Location: (be specific)	Comment:
August 31, 2022	10:00 am	All public Board activity will be held in a "hybrid" environment. This means that the public will have options for in-person or virtual attendance. The Boardroom at the headquarters building in Olympia (1025 Union Avenue, Olympia, WA 98504) will be open for in-person attendance. The public may also login using a computer or device, or call-in using a phone, to listen to the meeting through the Microsoft Teams application. The public may provide verbal comments during the specified public comment and rules hearing segments. TVW also regularly airs these meetings. Please note that although the Boardroom will be staffed during a meeting, Board Members and agency participants may continue to appear virtually.	For more information about Board meetings, please visit https://lcb.wa.gov/Boardmeetings/Board_meetings .

Date of intended adoption: No earlier than September 14, 2022. (Note: This is **NOT** the **effective** date)

Submit written comments to:

Name: Audrey Vasek, Policy and Rules Coordinator
Address: P.O. Box 43080, Olympia, WA 98504-3080
Email: rules@lcb.wa.gov
Fax: 360-704-5027
Other:
By (date) August 31, 2022

Assistance for persons with disabilities:

Contact Anita Bingham, ADA Coordinator, Human Resources
Phone: 360-664-1739
Fax: 360-664-9689
TTY: 7-1-1 or 1-800-833-6388
Email: anita.bingham@lcb.wa.gov
Other:
By (date) August 24, 2022

Purpose of the proposal and its anticipated effects, including any changes in existing rules: The purpose of this rule proposal is to implement SB 5940, which created a new endorsement allowing 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, such as canning, bottling, bagging, mixing, and repacking.

The proposed new rule sections in WAC 314-20-350, 314-24-350, and 314-28-350 describe the contract packaging services endorsement and how to submit an application for an endorsement. The term "good standing" is defined as currently licensed, not suspended, and having the proper federal alcohol and tobacco tax and trade bureau permits. The proposed amendments to WAC 314-11-065 would allow licensees with a contract packaging services endorsement to keep other types of liquor on the premises as needed to provide contract packaging services.

Reasons supporting proposal: New rule sections are needed to implement SB 5940, align agency rules with the law, and inform licensees about the availability of the endorsement and its requirements.

Statutory authority for adoption: RCW 66.08.030.

Statute being implemented: RCW 66.24.248

Is rule necessary because of a:

Federal Law?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Federal Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
State Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

If yes, CITATION:

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters: None.

Name of proponent: (person or organization) Washington State Liquor and Cannabis Board

☐ Private
☐ Public
☒ Governmental

Name of agency personnel responsible for:

	Name	Office Location	Phone
Drafting:	Audrey Vasek, Policy and Rules Coordinator	1025 Union Avenue, Olympia WA, 98504	360-664-1758
Implementation:	Becky Smith, Director of Licensing	1025 Union Avenue, Olympia, WA. 98504	360-664-1753
Enforcement:	Chandra Brady, Director of Enforcement and Education	1025 Union Avenue, Olympia, WA, 98504	360-664-1726

Is a school district fiscal impact statement required under RCW 28A.305.135?

☐ Yes ☒ No

If yes, insert statement here:

The public may obtain a copy of the school district fiscal impact statement by contacting:

Name:

Address:

Phone:

Fax:

TTY:

Email:

Other:

Is a cost-benefit analysis required under RCW 34.05.328?

☐ Yes: A preliminary cost-benefit analysis may be obtained by contacting:

Name:

Address:

Phone:

Fax:

TTY:

Email:

Other:

☒ No: Please explain: The proposed rules do not qualify as a type of rule requiring a cost-benefit analysis under RCW 34.05.328(5). The WSLCB is not a listed agency under RCW 34.05.328(5)(a)(i), so the cost-benefit analysis requirements in RCW 34.05.328 are not applicable to the proposed rules unless voluntarily applied or made applicable by the joint administrative rules review committee under RCW 34.05.328(5)(a)(ii). In this case, since the proposed rules implement a legislatively mandated endorsement, the agency did not decide to complete a cost-benefit analysis.

Regulatory Fairness Act Cost Considerations for a Small Business Economic Impact Statement:

This rule proposal, or portions of the proposal, **may be exempt** from requirements of the Regulatory Fairness Act (see chapter 19.85 RCW). Please check the box for any applicable exemption(s):

☐ This rule proposal, or portions of the proposal, is exempt under RCW 19.85.061 because this rule making is being adopted solely to conform and/or comply with federal statute or regulations. Please cite the specific federal statute or regulation this rule is being adopted to conform or comply with, and describe the consequences to the state if the rule is not adopted.

Citation and description:

☐ This rule proposal, or portions of the proposal, is exempt because the agency has completed the pilot rule process defined by RCW 34.05.313 before filing the notice of this proposed rule.

☐ This rule proposal, or portions of the proposal, is exempt under the provisions of RCW 15.65.570(2) because it was adopted by a referendum.

☐ This rule proposal, or portions of the proposal, is exempt under RCW 19.85.025(3). Check all that apply:

- | | |
|--|--|
| <input type="checkbox"/> RCW 34.05.310 (4)(b)
(Internal government operations) | <input checked="" type="checkbox"/> RCW 34.05.310 (4)(e)
(Dictated by statute) |
| <input checked="" type="checkbox"/> RCW 34.05.310 (4)(c)
(Incorporation by reference) | <input type="checkbox"/> RCW 34.05.310 (4)(f)
(Set or adjust fees) |
| <input type="checkbox"/> RCW 34.05.310 (4)(d)
(Correct or clarify language) | <input type="checkbox"/> RCW 34.05.310 (4)(g)
((i) Relating to agency hearings; or (ii) process requirements for applying to an agency for a license or permit) |

☒ This rule proposal, or portions of the proposal, is exempt under RCW 19.85.025(3) through the exemptions in RCW 34.05.310 (4)(c) and (e)..

Explanation of exemptions, if necessary: Portions of the proposed rules are exempt from the Regulatory Fairness Act's (RFA) Small Business Economic Impact Statement (SBEIS) requirement under RCW 34.05.310(4)(c) and (e) as described in the table below:

Proposed Rule	Description	SBEIS Exemption
New Sections: <ul style="list-style-type: none">WAC 314-20-350, Contract packaging services	The following components of the rule qualify for an SBEIS exemption: Specifically dictated by SB 5940:	RCW 34.05.310(4)(e): Content of the proposed rules is explicitly and specifically dictated by statute.

<ul style="list-style-type: none"> • endorsement for domestic breweries and microbreweries; WAC 314-24-350, Contract packaging services endorsement for domestic wineries; and • WAC 314-28-350, Contract packaging services endorsement for domestic distilleries and craft distilleries. <p>(The content of these three proposed new rule sections is substantially the same.)</p>	<ul style="list-style-type: none"> • Subsections (1) and (2): Description of licensees eligible for the endorsement and activities allowed under the endorsement; • Subsection (3), second sentence: "If a licensee is in good standing at the time of the application request, the endorsement will be issued without further requirement for additional licensing or administrative review."; and • Subsection (5): \$100 annual endorsement fee. <p>Incorporation by reference:</p> <ul style="list-style-type: none"> • Subsection (4): Incorporates by reference RCW 66.08.130. 	RCW 34.05.310(4)(c): Adopts or incorporates by reference without material change Washington state statutes.
	<p><i>The following components of the rule do not qualify for an SBEIS exemption:</i></p> <ul style="list-style-type: none"> • Subsection (3): Endorsement application process and definition of "good standing." 	No exemption applies. See estimated cost of compliance and minor cost analysis in section below.
Amended Section WAC 314-11-065, Types of liquor allowed on a licensed premises.	<p><i>The following components of the rule qualify for an SBEIS exemption:</i></p> <p>Incorporation by reference:</p> <ul style="list-style-type: none"> • Subsection (1)(e): Incorporates by reference the new RCW section created by SB 5940. 	RCW 34.05.310(4)(c): Adopts or incorporates by reference without material change Washington state statutes.
	<p><i>The following components of the rule do not qualify for an SBEIS exemption:</i></p> <ul style="list-style-type: none"> • None 	N/A

COMPLETE THIS SECTION ONLY IF NO EXEMPTION APPLIES

If the proposed rule is **not exempt**, does it impose more-than-minor costs (as defined by RCW 19.85.020(2)) on businesses?

☒ No Briefly summarize the agency's analysis showing how costs were calculated. To the extent that the proposed rules are not exempt from the RFA's SBEIS requirement (i.e. with respect to the endorsement application process and definition of "good standing" included in subsection (3) of the three proposed new rule sections, as described in the table above) the agency estimates the annual costs of compliance for potentially impacted businesses as described below.

Estimated Annual Costs of Compliance: Under the RFA, agencies are required to consider the costs that complying with proposed rules will impose on businesses. RCW 19.85.040 requires agencies to consider reporting, recordkeeping, and other compliance costs of the proposed rules, including costs of equipment, supplies, labor, professional services, and increased administrative costs, and whether compliance with the proposed rule will cause businesses to lose sales or revenue.

In this case, the non-exempt portion of the proposed rules require licensees who seek to add this endorsement to submit an application to the Board's Licensing Division. The agency anticipates that it will take licensees around 10-15 minutes to complete the application for the endorsement during the initial application year, with no additional time needed beyond what is required to renew their underlying license in following years. The amount of time needed to complete the application can be considered a one-time administrative cost.

To calculate this administrative cost, the agency relied on data from the 2021 Occupational Employment and Wage Statistics (OEWS) Online Databook available in the Employment Security Department (ESD) labor market report library (<https://esd.wa.gov/labormarketinfo/report-library>): the estimated average hourly wage in Washington State for Secretaries and Administrative Assistants, Except Legal, Medical, and Executive (using the Standard Occupational Classification (SOC) Code 43-6014) is \$22.68. Based on that data, the estimated administrative cost during the initial application year is \$5.67 [$\$22.68 \text{ avg. hourly wage} \times .25 \text{ hours (~15min)} = \5.67], and the estimated cost during subsequent renewal years is \$0. For the purpose of the minor cost calculations, this estimated administrative cost is rounded up to \$6.

For these reasons, the agency estimates that the cost of compliance for potentially impacted businesses is a one-time cost of \$6. The estimated annual cost of compliance would be less than \$6 if this one-time cost were amortized over of the amount of time that the licensee continues to renew the endorsement.

Minor Cost Threshold Estimates: Businesses potentially impacted by the proposed rules include breweries, wineries, and distilleries. The agency applied the following North American Industry Classification System (NAICS) codes to estimate minor cost thresholds for licensees:

Licensee Type	NAICS Code	Description from the 2022 NAICS Manual (https://www.census.gov/naics/reference_files_tools/2022_NAICS_Manual.pdf)
Distilleries and Craft Distilleries	312140 Distilleries	"This industry comprises establishments primarily engaged in one or more of the following: (1) distilling potable liquors (except brandies); (2) distilling and blending liquors; and (3) blending and mixing liquors and other ingredients." There are no separate NAICS codes available for craft distilleries.

Wineries	312130 Wineries	"This industry comprises establishments primarily engaged in one or more of the following: (1) growing grapes and manufacturing wines and brandies; (2) manufacturing wines and brandies from grapes and other fruits grown elsewhere; and (3) blending wines and brandies."
Breweries and Microbreweries	312120 Breweries	"This industry comprises establishments primarily engaged in brewing beer, ale, lager, malt liquors, and nonalcoholic beer." There are no separate NAICS codes available for microbreweries.

As shown in the table below, the estimated annual cost of compliance (~\$6) for potentially impacted businesses in each of these industries does not exceed the minor cost estimate for these industries, so a small business economic impact statement (SBEIS) is not required under RCW 19.85.030.

2017 Industry NAICS Code	Estimated Cost of Compliance	Industry Description [Licensee Type]	NAICS Code Title	Minor Cost Estimate = MAX (WT, RT, and \$100)	Wage Threshold (WT) 1% of Avg Annual Payroll (0.01*AvgPay)	Revenue Threshold (RT) 0.3% of Avg Annual Gross Business Income (0.003*AvgGBI)
312120	\$6	Breweries and Microbreweries	Breweries	\$3,085.32	\$2,803.58 2020 Dataset pulled from USBLS	\$3,085.32 2020 Dataset pulled from DOR
312130	\$6	Wineries	Wineries	\$3,905.58	\$3,905.58 2020 Dataset pulled from ESD	\$3,560.33 2020 Dataset pulled from DOR
312140	\$6	Distilleries and Craft Distilleries	Distilleries	\$2,806.14	\$2,806.14 2020 Dataset pulled from USBLS	\$1,707.60 2020 Dataset pulled from DOR

The revenue and wage thresholds used to determine the minor cost estimates for each of the business industries listed in the table above were calculated using Minor-Cost Threshold Calculator (*updated October 2021*) provided by the Governor's Office for Regulatory Innovation and Assistance (ORIA). For more information, see the ORIA Regulatory Fairness Act Tools & Guidance webpage at https://www.oria.wa.gov/site/alias__oria/934/Regulatory-Fairness-Act-Support.aspx.

☐ Yes Calculations show the rule proposal likely imposes more-than-minor cost to businesses, and a small business economic impact statement is required. Insert statement here:

The public may obtain a copy of the small business economic impact statement or the detailed cost calculations by contacting:

Name:
Address:
Phone:
Fax:
TTY:
Email:
Other:

Date: July 20, 2022	Signature: Place signature here
Name: David Postman	
Title: Chair	

NEW SECTION

WAC 314-20-350 Contract packaging services endorsement for domestic breweries and microbreweries. Consistent with RCW 66.24.248:

(1) There is an endorsement available to domestic breweries, microbreweries, wineries, distilleries, and craft distilleries to provide contract packaging services to other domestic breweries, microbreweries, wineries, distilleries, craft distilleries, and nonliquor licensed businesses.

(2) Contract packaging services allowed under the endorsement include:

(a) Canning, bottling, and bagging;

(b) Mixing products before packaging;

(c) Repacking of finished products into mixed consumer packs or multipacks; and

(d) Receiving and returning products to the originating liquor licensed businesses as part of a contract in which the contracting liquor licensed party for which the services are being provided retains title and ownership of the products at all times.

(3) An application for an endorsement under this section must be submitted to the board's licensing division. If a licensee is in good standing at the time of the application request, the endorsement will be issued without further requirement for additional licensing or administrative review. "Good standing" means currently licensed, not suspended, and having the proper federal alcohol and tobacco tax and trade bureau permits. The applicant must submit a copy of the proper federal permits with the application. If at any time after the endorsement is issued a licensee begins contract packaging a product for which new federal permits are required, the licensee must submit a copy of the proper federal permits to the board's licensing division.

(4) Consistent with RCW 66.08.130, endorsement holders must make a copy of any contracts and federal permits available to representatives of the board upon request.

(5) The annual fee for this endorsement is \$100.

NEW SECTION

WAC 314-24-350 Contract packaging services endorsement for domestic wineries. Consistent with RCW 66.24.248:

(1) There is an endorsement available to domestic breweries, microbreweries, wineries, distilleries, and craft distilleries to provide contract packaging services to other domestic breweries, microbreweries, wineries, distilleries, craft distilleries, and nonliquor licensed businesses.

(2) Contract packaging services allowed under the endorsement include:

(a) Canning, bottling, and bagging;

(b) Mixing products before packaging;

(c) Repacking of finished products into mixed consumer packs or multipacks; and

(d) Receiving and returning products to the originating liquor licensed businesses as part of a contract in which the contracting liquor licensed party for which the services are being provided retains title and ownership of the products at all times.

(3) An application for an endorsement under this section must be submitted to the board's licensing division. If a licensee is in good standing at the time of the application request, the endorsement will be issued without further requirement for additional licensing or administrative review. "Good standing" means currently licensed, not suspended, and having the proper federal alcohol and tobacco tax and trade bureau permits. The applicant must submit a copy of the proper federal permits with the application. If at any time after the endorsement is issued a licensee begins contract packaging a product for which new federal permits are required, the licensee must submit a copy of the proper federal permits to the board's licensing division.

(4) Consistent with RCW 66.08.130, endorsement holders must make a copy of any contracts and federal permits available to representatives of the board upon request.

(5) The annual fee for this endorsement is \$100.

NEW SECTION

WAC 314-28-350 Contract packaging services endorsement for domestic distilleries and craft distilleries. Consistent with RCW 66.24.248:

(1) There is an endorsement available to domestic breweries, microbreweries, wineries, distilleries, and craft distilleries to provide contract packaging services to other domestic breweries, microbreweries, wineries, distilleries, craft distilleries, and nonliquor licensed businesses.

(2) Contract packaging services allowed under the endorsement include:

(a) Canning, bottling, and bagging;

(b) Mixing products before packaging;

(c) Repacking of finished products into mixed consumer packs or multipacks; and

(d) Receiving and returning products to the originating liquor licensed businesses as part of a contract in which the contracting liquor licensed party for which the services are being provided retains title and ownership of the products at all times.

(3) An application for an endorsement under this section must be submitted to the board's licensing division. If a licensee is in good standing at the time of the application request, the endorsement will be issued without further requirement for additional licensing or administrative review. "Good standing" means currently licensed, not suspended, and having the proper federal alcohol and tobacco tax and trade bureau permits. The applicant must submit a copy of the proper federal permits with the application. If at any time after the endorsement is issued a licensee begins contract packaging a product for which new federal permits are required, the licensee must submit a copy of the proper federal permits to the board's licensing division.

(4) Consistent with RCW 66.08.130, endorsement holders must make a copy of any contracts and federal permits available to representatives of the board upon request.

(5) The annual fee for this endorsement is \$100.

WAC 314-11-065 ((What)) Types of liquor ((is)) allowed on a licensed premises((?)). (1) Licensees may only possess and allow persons to consume or possess the type of liquor permitted by the type of liquor license held on the premises; except:

(a) Under authority of a banquet permit (see chapter 314-18 WAC);
(b) Restaurant licensees may allow patrons to bring wine into the premises for consumption with a meal;

(c) Beer and/or wine restaurant or tavern licensees may keep spirituous liquor on the premises for use in the manufacture of food products, provided that:

(i) All food products manufactured contain one percent or less of alcohol by weight (per RCW 66.12.160);

(ii) Customers are made aware that the food products contain liquor; and

(iii) The beer and/or wine restaurant or tavern licensee notifies the local liquor control board enforcement office in writing before they bring spirituous liquor on the premises((-));

(d) Under the authority of a special occasion license; and

(e) Licensees with an endorsement under WAC 314-20-350, 314-24-350, or 314-28-350 may keep other types of liquor on the premises to provide contract packaging services consistent with RCW 66.24.248.

(2) For on-premises liquor licenses, the licensee or employees may not permit the removal of liquor in an open container from the licensed premises, except:

(a) Liquor brought on a licensed premises under authority of a banquet permit may be resealed in its original container and removed at the end of the banquet permit function;

(b) Per RCW 66.24.320 and 66.24.400, wine that is sold with a meal may be recorked or resealed and removed from the premises;

(c) Liquor purchased by registered guests for consumption inside a hotel or motel room may be resealed in its original container and removed from the hotel or motel premises by the guest; and

(d) Liquor removed from a licensed premises that holds a caterer's endorsement, for the purpose of catering an approved event.

CR 101 Public Comment Table—SB 5940 Contract Packaging Services Endorsement for Breweries, Wineries, & Distilleries

This table includes comments received on the [CR 101 filed as WSR 22-10-035 on April 27, 2022](#). A request for public feedback on [conceptual draft rules](#) was sent through a [GovDelivery message on June 9, 2022](#), with a response deadline of June 24, 2022.

	Name	Date Received	Comment
1.	Rena Sherrill, Cowlitz Tribal Treatment SUD Program Coordinator- Community Activities	June 9, 2022	<u>Email received June 9, 2022—Direct quotation included below:</u> “The LCB invites and encourages feedback on conceptual draft rules to implement SB 5940, located at the following link: Conceptual Draft Rules for SB 5940. Hello, I would like to give my feedback on the above discussion. I am very against any type of alcohol to go. Drinking and Driving has gone up since the pandemic, in which they allowed to go wine and beer. People are drinking earlier in the day due to not working and so many lives have been lost, this is not a necessary law to change. It serves no good purpose except to make businesses more money and more lives to be potentially taken in vain. All for the love of money. Once something like this is allowed it is almost impossible to walk it back. There are plenty of ways for people to get alcohol, there are no current ways to replace loved ones who are killed or fix lives that are changed because of this. My son was killed 28 years ago by a drink driver. I’m still not “over” it. Rena Sherrill Cowlitz Tribal Treatment SUD Program Coordinator-Community Activities”
2.	Rob Newsom, owner/winemaker Boudreaux Cellars	June 9, 2022	<u>Email received June 9, 2022—Direct quotation included below:</u> “Dear LCB Rules: SB5940 seems like a really good idea to me. Thank you for considering these changes. Best regards, Rob Newsom

			owner/winemaker Boudreaux Cellars Leavenworth, WA 98826"
3.	Brad Slusher	June 13, 2022	<u>Email received June 13, 2022—Direct quotation included below:</u> "Can someone please explain why this needs to be regulated? How does this contribute to public safety? It seems like just another revenue grab to me and an unnecessary expansion of power. Brad Slusher"
4.	Mhairi Voelsgen, WA Distillers Guild	June 25, 2022	<u>Email received June 25, 2022—Direct quotation included below:</u> "The rules look good from our perspective. The only thing I would be concerned about is some new way of packaging that is not clearly defined in these rules. But it's impossible to predict the future, so I guess we'll have to address that as it comes up. Thanks Mhairi"
5.	Josh McDonald, Washington Wine Institute	June 28, 2022	<u>Email received June 28, 2022—Direct quotation included below:</u> "Hi Audrey. Thank you for sending this my way. We do not have any concerns with the conceptual draft rules for SB 5940. Would it be helpful for us to send something more formal to the LCB Board, or is this adequate for your needs? Josh"



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Feedback requested on Conceptual Draft Rules to implement SB 5940

Washington State Liquor and Cannabis Board sent this bulletin at 06/09/2022 09:05 AM PDT

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June 9, 2022

Feedback requested on Conceptual Draft Rules to implement SB 5940, Contract Packaging Services Endorsement for Breweries, Wineries, and Distilleries

The Liquor and Cannabis Board (LCB) is seeking public feedback on conceptual draft rules to implement 2022 legislation [Senate Bill \(SB\) 5940](#), which created a new endorsement allowing domestic breweries, wineries, and distilleries to provide certain contract packaging services.

Background

On April 27, 2022, the LCB filed a preproposal statement of inquiry (CR 101) to consider creating rules to implement SB 5940. For more information, see:

- [Notice to Stakeholders](#)
- [Memorandum](#)
- [CR 101 Filed as WSR 22-10-035 on April 27, 2022](#)

The LCB invites and encourages feedback on conceptual draft rules to implement SB 5940, located at the following link: [Conceptual Draft Rules for SB 5940](#).

This is **not** a rule proposal (CR 102). These conceptual draft rules are designed for discussion only. All feedback will be considered before a rule proposal is developed.

How to Provide Feedback

Please email feedback to rules@lcb.wa.gov by **June 24, 2022**.

More information about the rulemaking process is available on the [LCB current rulemaking activity webpage](#).

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