

Manufacturers, Importers, and Distributors Non-Retail Division Bulletin No 24-01

| Date: | April 2, 2024 |
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| То: | Winery Industry Members |
| From: | Washington State Liquor and Cannabis Board (LCB) |
| Subject: | Winery Contracts |

This bulletin is to clarify laws and rules related to licensed wineries producing for unlicensed entities.

The LCB is seeing an increase of custom crush contracts with unlicensed wineries. Licensed domestic wineries may contract production for other wineries but must verify that the other entity has a current Washington Domestic Winery license.

You may be approached by unlicensed entities, persons with Tax and Trade Bureau (TTB) wine producer/blender permits, or even a Washington State Business License who have not been issued a Washington Domestic Winery license.

It is the responsibility of the producing winery to verify the license before providing services to the other entity.

You may not produce wine for any entity unless they have a valid Washington Domestic Winery license in hand. Any wine produced before a license is issued may not be sold afterward.

Producing for an unlicensed or improperly licensed entity jeopardizes your winery license.

If you have questions about the status of a license, please contact LCB Customer Service at: 360 664-1600 or your local Manufacturer, Importer, and Wholesaler (MIW) Enforcement Officer.

Relevant Laws and Rules:

RCW 66.24.170 defines domestic winery privileges.

<u>WAC 314-24-001 (4)</u> Custom Crush- A custom crush arrangement involves an agreement or formal contract where one domestic winery (customer) pays for another domestic winery (producer) to produce wine to order/ (Note this is not an alternating proprietorship arrangement.)

<u>WAC 314-29-035</u> Group 4 violations are violations involving the manufacture, supply, and/or distribution of liquor by nonretail licensees and prohibited practices between a nonretail licensee and a retail licensee.

<u>Per RCW 66.44.090</u> Any person doing any act required to be licensed under this title without having in force a license issued shall be guilty of a gross misdemeanor.