

**AGENDA  
BOARD MEETING  
WA STATE LIQUOR CONTROL BOARD  
Wednesday, January 6, 2010  
Headquarter Building  
3000 Pacific Ave, Olympia WA 98504**

**10:00 a.m.**

**Roll Call**

- 1. Proposed Rule Changes (CR 102) Internet Sales and Delivery**  
.....**Karen McCall**  
Grocery store and beer and wine specialty store licensees accept liquor orders directly from consumers, and deliver liquor orders directly to consumers at their residences and places of business. The WSLCB proposes to create rules that reflect these current practices.
  
- 2. New Business.....Board Members**
  
- 3. Old Business.....Board Members**

**Recess/Adjourn**

**OFFICE OF THE  
WASHINGTON STATE LIQUOR CONTROL BOARD  
Board Meeting Minutes – January 6, 2010, 2009**

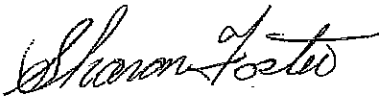
Board Chair Sharon Foster called the regular meeting of the Washington State Liquor Control Board to order at 10:00 a.m., on Wednesday, January 6 in the Boardroom, 3000 Pacific Avenue SE, Olympia, Washington. Board Member Ruthann Kurose was present.

**Proposed Rule Changes (CR 102) Internet Sales and Delivery – Karen McCall**

Karen recommended to the Board to proceed with the proposed rule changes creating a new section for Internet Sales and Delivery. Currently, grocery stores, and beer and wine specialty store licensees accept orders from their customers. The licensees also deliver these liquor orders directly to their customers residences and places of business. Karen recommends that the Board move to the second step of rule making, CR-102.

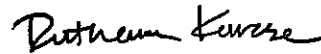
The Board unanimously approved moving forward with filing the presented proposed rules language.

The Board Meeting was adjourned at 10:20 AM.



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Sharon Foster  
Board Chair



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Ruthann Kurose  
Board Member

Washington State Liquor Control Board

## **Issue Paper: Internet Sales and Delivery**

Date: December 2, 2009

Presented by: Karen Rogers, Licensing Division

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### **Description of the Issue**

The purpose of this issue paper is to recommend that the Washington State Liquor Control Board (WSLCB) proceed with proposed rule changes (CR-102) by creating a new section for **Internet Sales and Delivery** (WAC 314-03-020).

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

Grocery store and beer and wine specialty store licensees accept liquor orders directly from consumers, and deliver liquor orders directly to consumers at their residences and places of business. The WSLCB proposes to create rules that reflect these current practices.

### **Background**

Procedural status. The WSLCB filed Pre-proposal #09-09 on May 13, 2009 (State Register Filing #09-11-051). The WSLCB now enters into the second step of rule development by filing proposed rules language with the State Register (CR-102).

History. Approximately ten to fifteen years ago, the WSLCB allowed a grocery store licensee to accept liquor orders directly from, and deliver liquor orders directly to, consumers. Since then, the practices have expanded to other grocery store licensees, as well as to beer and wine specialty shop licensees. At least one beer and wine specialty shop licensee also accepts and delivers keg orders.

The Revised Code of Washington (RCW) and the Washington Administrative Code (WAC) are silent regarding grocery store or beer and wine specialty store licensees performing the above-mentioned activities.

### **What changes are proposed?**

**New Chapter 314-03 WAC – Allowed Activities.**

**Creates Chapter 314-03 WAC – Allowed Activities.** This chapter will contain activities that are permitted for some, but not all, (retail) license types.

**New Section WAC 314-03-020 – Consumer orders, internet sales, and delivery for grocery stores and beer and wine specialty shops.**

Sets the requirements and conditions under which a grocery store or beer and wine specialty shop licensee may accept liquor orders from, and deliver liquor orders to, consumers.

### **Recommendation**

Staff recommend that the WSLCB proceed with the second step of rule making (CR-102) by filing the proposed rules language with the State Register.

**Chapter 314-03 WAC**

**ALLOWED ACTIVITIES**

NEW SECTION

**WAC 314-03-020 Consumer orders, internet sales, and delivery for grocery stores and beer and wine specialty shops.** A grocery store or beer and wine specialty shop licensee may accept orders for beer or wine from, and deliver beer or wine to, customers.

(1) **Resale.** Liquor shall not be for resale.

(2) **Stock location.** Liquor must come directly from a licensed retail location.

(3) **How to place an order.** Liquor may be ordered in person at a licensed location, by mail, telephone or internet, or by other similar methods.

(4) **Sales and payment.**

(a) Only a licensee or a licensee's direct employees may accept and process orders and payments. A contractor may not do so on behalf of a licensee, except for transmittal of payment through a third-party service. A third-party service may not solicit customer business on behalf of a licensee.

(b) All orders and payments shall be fully processed before liquor transfers ownership or, in the case of delivery, leaves a licensed premises.

(c) *Payment method.* Payment methods include, but are not limited to: Cash, credit or debit card, check or money order, electronic funds transfer, or an existing prepaid account. An existing prepaid account may not have a negative balance.

(d) *Internet.* To sell liquor via the internet, a new license applicant must request internet-sales privileges in his or her application. An existing licensee must notify the board prior to beginning internet sales. A corporate entity representing multiple stores may notify the board in a single letter on behalf of affiliated licensees, as long as the liquor license numbers of all licensee locations utilizing internet sales privileges are clearly identified.

(5) **Delivery location.** Delivery shall be made only to a residence or business that has an address recognized by the United States postal service; however, the board may grant an exception to this rule at its discretion. A residence includes a hotel room, a motel room, or other similar lodging that temporarily serves as a residence.

(6) **Hours of delivery.** Liquor may be delivered each day of the week between the hours of six a.m. and two a.m. Delivery must be fully completed by two a.m.

(7) **Age requirement.**

(a) Per chapter 66.44 RCW, any person under twenty-one years of age is prohibited from purchasing, delivering, or accepting delivery of liquor.

(b) A delivery person must verify the age of the person accepting delivery before handing over liquor.

(c) If no person twenty-one years of age or older is present to accept a liquor order at the time of delivery, the liquor shall be returned.

(8) **Intoxication.** Delivery of liquor is prohibited to any person who shows signs of intoxication.

(9) **Containers and packaging.**

(a) Individual units of liquor must be factory sealed in bottles, cans or other like packaging. Delivery of growlers, jugs or other similar, nonfactory-sealed containers is prohibited. Delivery of malt liquor in kegs or other containers capable of holding four gallons or more of liquid is allowed, provided that kegs or containers are factory sealed and that the keg sales requirements (see WAC 314-02-115) are met prior to delivery. For the purposes of this subsection, "factory sealed" means that a unit is in one hundred percent resalable condition, with all manufacturer's seals intact.

(b) The outermost surface of a liquor package, delivered by a third party, must have language stating that:

(i) The package contains liquor;

(ii) The recipient must be twenty-one years of age or older;

and

(iii) Delivery to intoxicated persons is prohibited.

(10) **Required information.**

(a) Records and files shall be retained at a licensed premises. Each delivery sales record shall include the following:

(i) Name of the purchaser;

(ii) Name of the person who accepts delivery;

(iii) Street addresses of the purchaser and the delivery location; and

(iv) Times and dates of purchase and delivery.

(b) A private carrier must obtain the signature of the person who receives liquor upon delivery.

(c) A sales record does not have to include the name of the delivery person, but it is encouraged.

(11) **Web site requirements.** When selling over the internet, all web site pages associated with the sale of liquor must display a licensee's registered trade name.

(12) **Accountability.** A licensee shall be accountable for all deliveries of liquor made on its behalf.

(13) **Violations.** The board may impose administrative enforcement action upon a licensee, or suspend or revoke a licensee's delivery privileges, or any combination thereof, should a licensee violate any condition, requirement or restriction.