



WASHINGTON STATE LIQUOR CONTROL BOARD
Board Meeting Minutes – November 28, 2012

Board Chair Sharon Foster called the regular meeting of the Washington State Liquor Control Board (WSLCB) to order at 10:08 a.m., on Wednesday, November 28, 2012 in the Boardroom at 3000 Pacific Avenue S.E., Olympia, Washington. Board Member Ruthann Kurose was present. Board Member Chris Marr was absent.

Approval of Minutes

Minutes from the November 7, 2012 meeting were approved.

Board Approval to File CR 101 on WAC 314-28-030 and WAC 314-28-050

Rules Coordinator Karen McCall presented the Board with a CR 101 on WAC 314-28-030 and WAC 314-28-050, to allow a craft distiller licensee to sell their product to consumers over the internet and deliver. This CR 101 is the result of a petition for rulemaking from Colin Levi, owner of It's 5 Artisan Distillery. The Board adopted rules on November 7, 2012 to allow internet sales and delivery of spirits to consumers by a spirits retail licensee. Member Kurose made a motion to approve. Chair Foster seconded. All were in favor.

Board Approval to File CR 101 for WAC 314-02-109, WAC 314-23-022, and WAC 314-28-080

Karen requested Board approval to file a CR 101 for WAC 314-02-109, WAC 314-23-022, and WAC 314-28-080. This rulemaking resulted from I-1183, which directed spirits retail licensees to pay to the Board 17% of their total spirits revenues on a quarterly basis, spirits distributors to pay to the Board 10% of their total spirits sales for the first two years and 5% each year thereafter, and distillers and craft distillers acting as a distributor of their own spirits products to pay the same license fees as the spirits distributors. Per Karen, language needs to be added to these rules to allow the Board to suspend or revoke the license of a licensee that fails to report and/or pay these fees. Member Kurose made a motion to approve. Chair Foster seconded. All were in favor.

Board Adoption of CR 103 for Brief Adjudicative Proceedings

Karen presented the Board with a CR 103 for Brief Adjudicative Proceedings (BAPs). Per the Administrative Procedures Act (RCW 34.05.482), agencies have the ability to utilize an abbreviated administrative hearing process (BAP) where the issues or interests involved do not warrant use of full adjudicative procedure. This rulemaking identifies instances where the Board may use BAP in lieu of the more formal hearing process. Member Kurose made a motion to approve. Chair Foster seconded. All were in favor.

Public Hearing on Rules to Implement 2012 Legislation

The meeting was opened up to public testimony regarding rulemaking to implement 2012 legislation. One stakeholder signed up to provide verbal testimony:

- Darren Smith, Washington Liquor Store Association (WaLSA)
 - Darren expressed concern regarding the CR 101 on WAC 314-28-030 and WAC 314-28-050, allowing internet sales and delivery of spirits to consumers by craft distiller licensees. Karen noted that there was no proposed language yet for this rulemaking, but that it would likely mirror that of the spirits retail licensee language approved by the Board at the November 7, 2012 Board Meeting.



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- Darren asked why craft distillers were not subject to a 17% fee, and why he was required to charge a 17% fee on sales to Class H establishments. Karen commented that in both cases, this was how the law (I-1183) was written. Any change would require legislative action.

Board Adoption of Board Interim Policy #06-2012

Karen asked the Board to approve Board Interim Policy (BIP) #06-2012, dealing with reporting requirements for spirits retail licensees, spirits distributor licensees, distiller licensees, and craft distillery licensees. This BIP would make immediately effective the ability of the board to suspend or revoke any of the aforementioned licenses should the licensee fail to report and/or pay the fees associated with their license. Formal rulemaking was approved earlier in the meeting, with the CR 101 for WAC 314-02-109, WAC 314-23-022, and WAC 314-28-080. Member Kurose made a motion to approve. Chair Foster seconded. All were in favor.

New Business

Chair Foster opened the meeting up for new business. Two stakeholders provided verbal testimony:

- Jan Gee, Washington Food Industry Association
 - Jan told the Board that she did not have any concerns with penalties for non-payment and/or lack of reporting. She did note that she was working with Board and Department of Revenue staff to try and streamline the payment system process, preferably so that licensees were able to pay one agency on a monthly basis.
- Darren Smith, WaLSA
 - Darren noted that he was concerned about implementation of the interim policy prior to the end of the year, due to the Board's decision to not assess penalties for the payment due October 25, 2012. WSLCB Administrative Director Pat Kohler explained that, while the Board decided to not assess penalties on late reporting and fee payments, retailers were still required to report and pay fees by October 25, 2012 for the July – September 2012 period. Failure to pay in a timely fashion may result in suspension or revocation of a license. The Board does not intend to suspend or revoke any license due to non-payment prior to December 31, 2012.

Old Business:

There was no old business.

The Board Meeting was adjourned at 10:35 a.m.

Sharon Foster,
Board Chair

Ruthann Kurose,
Board Member

Chris Marr,
Board Member