



WASHINGTON STATE LIQUOR CONTROL BOARD
Board Meeting Minutes – February 27, 2013

PLEASE NOTE: an audio recording of this Board Meeting is posted on the LCB website along with these minutes.

Board Chair Sharon Foster called the regular meeting of the Washington State Liquor Control Board (WSLCB) to order at 10:01 a.m., on Wednesday, February 27, 2013 in the Boardroom at 3000 Pacific Avenue S.E., Olympia, Washington. Board Members Ruthann Kurose and Chris Marr were present.

Approval of Minutes

Minutes from the February 6, 2013 meeting were approved.

Board Adoption of CR 103 on Restaurant Hours of Operation (WAC 314-02-015 and WAC 314-02-045)

Rules Coordinator Karen McCall presented the Board with a CR 103 for adoption regarding restaurant required hours of operation. Per Karen, the Washington Restaurant Association (WRA) petitioned the Board to amend WACs 314-02-015 and 314-02-045 to allow restaurants to operate three days per week, and to remove the exception for demonstrated hardship. Member Kurose made a motion to approve the CR 103. Member Marr seconded. All were in favor.

Public Hearing on Special Occasion Off-Premises Sales

Karen noted that the rulemaking regarding special occasion off-premises sales amended WAC 314-16-230. This amendment removes the limitation on the amount of beer and/or wine that could be sold by the unopened bottle by special occasion licensees to any one person. One attendee signed up to provide testimony:

- Jean Leonard, Washington Wine Institute: Jean expressed support for the rulemaking.

Public Hearing on Internet Sales and Delivery for Distilleries and Craft Distilleries

This rulemaking results from a petition for rulemaking from Colin Levi, owner of It's 5 Artisan Distillery. The amended rule would allow a craft distiller licensee to sell their product to consumers over the internet and deliver. On November 7, 2012, the Board adopted rules to allow internet sales and delivery of spirits to consumers by a spirits retail licensee. Six attendees provided testimony:

- Derek Franklin, Washington Association for Substance Abuse and Violence Prevention: Derek spoke in opposition to the proposed rulemaking, stating that it would create additional access points for alcohol, which would be difficult to regulate. He asked the Board to consider specifying that no deliveries to hotels or motels be allowed.
- Jas Sangha, Washington Liquor Store Association: Jas testified in opposition to the rulemaking, noting that it decreased the value of the niche marketplace that he and his other association members had established.
- Bob Bellamy, Black Sam Distillery: Bob asked the Board to support the rulemaking. He told the group that internet sales and the ability to ship directly to customers would mean that distilleries and craft distilleries would be better able to compete in the marketplace.



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- Colin Levi, It's 5 Distillery: Colin, who drafted the original petition for rulemaking on this subject, spoke in favor. He noted that, upon delivery, the recipient of the product had to match the identity of the person ordering the product, and that they must be over the age of 21.
- John Guadnola, Executive Director, Association of Washington Spirits and Wine Distributors: John expressed concern over the rulemaking, asking the Board to consider a restriction where internet sales may only be made to customers who have previously made a purchase in person.
- David Ducharme, DISCUS: Dave raised concerns regarding the Grandholm decision.

The Board asked Karen to examine possible conflicts with federal law, as outlined per the Grandholm decision.

Public Hearing on Reporting Requirements for Spirits Retail Licensees

This rulemaking amends WACs 314-02-109, 314-23-022, and 314-28-080. It adds language in each WAC to revoke or suspend licenses for non-payment of fees for spirits retailer licensees, distributor licensees and distillery or craft distillery licensees. One stakeholder signed up to testify:

- Jas Sangha, Washington Liquor Store Association: Jas expressed concern over the possible revocation of licenses. He asked the Board to consider providing payment plans.

Public Hearing on Requirements for Spirits Retail Licensees (Reporting Loss)

The Board received a petition for rulemaking from Chief Ed Holmes, President of the Washington Association of Sheriffs and Police Chiefs. Chief Holmes requested the Board to adopt a rule requiring reporting of loss due to theft and internal shrinkage of spirits product for all spirits retail licensees in the state. Five attendees signed up to provide testimony:

- Mitch Barker, Washington Association of Sheriffs and Police Chiefs: Mitch spoke in support of the rulemaking, noting that without data related to loss and theft, prevention and law enforcement didn't know if there was a problem. He stated that he was happy to work with relevant groups to refine exactly what data was required and how it may be collected.
- Derek Franklin, Washington Association for Substance Abuse and Violence Prevention: Derek expressed support for the rulemaking.
- Jas Sangha, Washington Liquor Store Association: Jas told the group that he was concerned with the rulemaking, stating that smaller stores, such as those in his Association, had a better handle on theft and loss issues.
- Jan Gee, Washington Food Industry Association: Jan testified in opposition of the rulemaking, noting that her group was already working to solve loss prevention issues. She invited law enforcement groups to join in the efforts already underway.
- Holly Chisa, Northwest Grocery Association: Holly stated that she had strong concerns over the proposed rulemaking. She questioned why a retailer would be required to report to the WSLCB if they were not already reporting to local law enforcement.



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Public Hearing on Spirits COA Licenses

Karen explained that this rulemaking amended WAC 314-23-030, adding language to allow all three spirits certificate of approval licenses to obtain an endorsement to sell directly to a spirits retailer. No attendees signed up to provide verbal testimony regarding the Spirits COA Licenses rulemaking.

New Business

There was no new business.

Old Business:

There was no old business.

The Board Meeting was adjourned at 11:22 a.m.

Sharon Foster,
Board Chair

Ruthann Kurose,
Board Member

Chris Marr,
Board Member