



Liquor and Cannabis Board Interim Policy BIP-16-2019

Subject: Alternating Proprietorships for Distilleries and Craft Distilleries (chapter 314-28 WAC)

Effective Date: November 13, 2019

Ending Date: Upon the effective date of rules implementing this policy or board action rescinding this policy

Approved:

Jane Rushford, Chair

Ollie Garrett, Board Member

Russ Hauge, Board Member

Purpose:

The purpose of this interim policy is to clarify the requirements for distilleries and craft distilleries regarding alternating proprietorships.

Policy Statement

An alternating proprietorship is an arrangement consisting of two entities taking turns using the same space and equipment for production.

A distillery may enter into an alternating proprietorship with another distillery and a craft distillery may enter into an alternating proprietorship with another craft distillery under the following conditions:

- All production must be done on the premises of the distillery or craft distillery.
- No more than two distilleries or craft distilleries may share the same space and equipment on a distillery or craft distillery premises.
- Monthly reporting and payment must be done per the requirements outlined in WAC 314-28-070.
- Each distillery or craft distillery must maintain separate records that document production and transactions.
- Alternating proprietorships must be approved by the board through an application and approval process and must meet TTB requirements.
- The distillery or craft distillery premises may not be used or shared until the application has been approved.

- Floor plans must be submitted to the board at the time of application. Any changes to the floor plan must be preapproved in writing by the board.
- Entities involved in alternating proprietorships must have designated areas that are physically separated for the storage of their product. Product cannot be intermingled.
- Any samples of spirits offered on the distillery or craft distillery premises must be done according to the provisions outlined in WAC 314-28-030 or WAC 314-28-050. If more than one distillery or craft distillery is offering samples on the premises, the total amount of alcohol offered per person per day may not exceed two ounces.
- Tasting areas may not be shared, must be operated by each entity independently, and must be operated in separate areas of the distillery or craft distillery premises.
- A spirits, beer, and wine restaurant license may not be shared and may only be operated by one entity at a distillery or craft distillery premises.