



CR 101 Memorandum

Re: Implementation of Engrossed Second Substitute Senate Bill (E2SSB) 5549 (chapter 238, Laws of 2020), regarding distilleries—marketing and sales.

Date: August 5, 2020

Presented by: Audrey Vasek, Policy and Rules Coordinator

Background

During the 2020 legislative session, Engrossed Second Substitute Senate Bill (E2SSB) 5549 (chapter 238, Laws of 2020), regarding marketing and sales by distilleries, passed the legislature and was signed by the Governor on March 31, 2020. The bill took effect on June 11, 2020, except for sections 3, 5, 6, 7, and 10, which become effective January 1, 2021.

Reasons Why Rules Are Needed

Rules are needed to implement the provisions of E2SSB 5549 (chapter 238, Laws of 2020).

E2SSB 5549 modifies the privileges and requirements for distillery and craft distillery licenses, and establishes a new off-site tasting room license available to distillery and craft distillery licensees that authorizes operation of an off-site tasting room. A distillery or craft distillery licensed production facility is eligible for up to two off-site tasting room licenses located in the state. The total number of off-site tasting room licenses that may be issued is limited to one hundred fifty.

A licensed distillery or craft distillery operating any on-site or off-site tasting room must provide food offerings, for free or for sale, to customers during public service hours. Requirements for food offerings must be established by the board in rule.

E2SSB 5549 also authorizes jointly occupied and co-operated off-site tasting rooms and jointly operated conjoined consumption areas. Jointly occupied and co-operated off-site tasting rooms are authorized for any distillery, craft distillery, domestic winery, or any combination of these licensees. Jointly operated conjoined consumption areas are authorized for any domestic brewery,

microbrewery, domestic winery, distillery, or craft distillery, or any combination of these licensees, whose property parcels or buildings are located in direct physical proximity to one another.

New rule sections are needed to implement E2SSB 5549, and existing rule sections need to be amended in order to align existing rule language with the changes made to statute by E2SSB 5549.

Process

The rule making process begins by announcing LCB's intent to consider changes to existing rules, adding new rule sections, or both by filing a CR 101 form with the Office of the Code Reviser. This allows staff, stakeholders, industry partners, and all members of the authorizing environment to begin discussing proposed rule changes. At the CR 101 stage of the rulemaking process, no proposed language is offered. Any interested party may comment on the subject of this possible rulemaking during the designated comment period. Notice will be sent to all who have indicated that they want to receive notice of rule activity pertaining to this preproposal inquiry. The notice will identify the public comment period and where comments can be sent.