



CR103 Memorandum

Regarding the Contract Packaging Services Endorsement for Breweries, Wineries, and Distilleries (Implementing 2022 legislation, SB 5940).

Date: September 14, 2022
Presented by: Audrey Vasek, Policy and Rules Coordinator

Background

On April 27, 2022, the Board filed a CR 101 preproposal statement of inquiry (WSR# 22-10-035) to consider creating new rule sections and amending or repealing existing rule sections as necessary to implement Senate Bill (SB) 5940 (chapter 64, Laws of 2022; codified as RCW 66.24.248).¹ SB 5940 created a new packaging services endorsement allowing breweries, wineries, and distilleries to contract with each other, and with other non-liquor licensed businesses if the contract does not include alcohol products. The endorsement covers certain packaging services, such as canning, bottling, bagging, mixing, and repacking.

To develop the CR 102 rule proposal, the agency engaged in a collaborative rule development process. Conceptual draft rule language was developed through a series of internal project team meetings including WSLCB staff from the Licensing Division, Enforcement and Education Division, and Finance Division. The conceptual draft rules were shared publicly through GovDelivery with feedback requested between June 9 and June 24, 2022. The five public comments received in response (included as Attachment B to the CR 102 memo) were taken into consideration as the rule proposal was developed.

On July 20, 2022, the Board filed a CR 102 rule proposal (WSR# 22-15-121) based on the conceptual draft rules. The public hearing was held on August 31, 2022. No oral testimony was provided at the public hearing. During the CR 102 public comment period from July 20, 2022, to August 31, 2022, no public comments were received.

Rule Necessity

The final rules are needed to implement SB 5940, align agency rules with the law, and inform licensees about the availability of the endorsement and its requirements.

¹ SB 5940 was passed by the Legislature during the 2022 regular session and approved by the Governor on March 11, 2022, with an effective date of June 9, 2022.

Description of Rule Changes

New Section WAC 314-20-350. Contract packaging services endorsement for domestic breweries and microbreweries. The new rule section describes the contract packaging services endorsement and how to submit an application for an endorsement. The term “good standing” is defined as currently licensed, not suspended, and having the proper federal alcohol and tobacco tax and trade bureau permits.

New Section WAC 314-24-350. Contract packaging services endorsement for domestic wineries. The new rule section describes the contract packaging services endorsement and how to submit an application for an endorsement. The term “good standing” is defined as currently licensed, not suspended, and having the proper federal alcohol and tobacco tax and trade bureau permits.

New Section WAC 314-28-350. Contract packaging services endorsement for domestic distilleries and craft distilleries. The new rule section describes the contract packaging services endorsement and how to submit an application for an endorsement. The term “good standing” is defined as currently licensed, not suspended, and having the proper federal alcohol and tobacco tax and trade bureau permits.

Amended WAC 314-11-065. Types of liquor allowed on a licensed premises. The amendments to this section allow licensees with a contract packaging services endorsement to keep other types of liquor on the premises as needed to provide contract packaging services. Additionally, a non-substantive change is made to the caption, changing it from a question format (“What type of liquor is allowed on a licensed premises?”) to a statement format (“Types of liquor allowed on a licensed premises.”).

Variance between proposed rule (CR102) and final rule:

There were no changes from the proposed rules to the final rules as adopted.

Rule Implementation

Informing and Educating Persons Impacted by the Rule

To help inform and educate persons impacted by the rule, the WSLCB will:

- Email notice with the adoption materials to the rule making and licensee distribution lists, and the general WSLCB GovDelivery list;
- Post rule adoption materials, including final rule language, final analysis (Concise Explanatory Statement), and any other relevant documents on the rulemaking webpage for public access.

- Provide the application form on the public website.
- Provide information and training on request.

Promoting and Assisting Voluntary Compliance

WSLCB will promote and assist voluntary compliance through technical assistance.

- WSLCB staff are available to respond to phone and email inquiries about the rule.
- Agency leadership and staff have actively participated in rule development and are familiar with the final product. Internal and external education efforts to share knowledge and assure consistent application of rule will be supported.
- Rule and guidance documents will be available on the WSLCB website.
- The WSLCB will use available and customary resources to disseminate materials and information to all persons impacted by the rules.

These actions are designed to inform and educate all persons impacted by the rules.

Training and Informing WSLCB Staff

Several WSLCB staff responsible for implementing these rules work directly with impacted parties and are already familiar with the nuances of the rule changes. Internal guidance documents may be prepared as necessary. The WSLCB will also consider:

- Provision of internal and external training and education, as needed, potentially including webinars, training, pictures, and videos if appropriate.
- Coordinating and centrally locating decisions to assure consistency between agency, staff, and industry.

Rule Effectiveness Evaluation

The WSLCB will evaluate the effectiveness of these rules in the following ways, including but not limited to:

- Monitoring questions received after the effective date of these rules, and adjusting training and guidance accordingly;
- Monitoring enforcement actions, including type, resolution, and final outcome;
- Monitoring requests for rule language revisions or changes;
- Monitoring requests for rule interpretation.