



**WASHINGTON STATE LIQUOR CONTROL BOARD**  
**Board Meeting Minutes – January 23, 2013**

Board Chair Sharon Foster called the regular meeting of the Washington State Liquor Control Board (WSLCB) to order at 9:02 a.m., on Wednesday, January 23, 2013 in the Boardroom at 3000 Pacific Avenue S.E., Olympia, Washington. Board Member Chris Marr was present. Member Kurose was absent.

**Approval of Minutes**

Minutes from the January 16, 2013 meeting were approved.

**Return of Spirits Product to Distributors:**

Patrick Woods presented an issue paper on the topic of addressing the proposed need for a one-time return of spirits from an off-premises liquor retailer to a distributor. Jan Gee of WA Food Industry Assoc. commented about the need for Top Foods to return products that are not selling, valued at one million dollars. They had no prior experience in this market. John Guadnola with the Association of WA Spirits and Wine Distributors expressed concerns. This one retailer is interested in returning 1,000 cases. This opens a huge door (for returns). He also described concerns about consignment sale (of liquor) being troubling under federal law. Patrick will take these issues back for discussion with their AAG. Member Marr stated that he is sympathetic and perhaps we can mitigate mistakes. We will vet the issues brought forward today.

**Public Hearing on Beer/Wine Specialty Shop Tastings (WAC 314-02-105):**

Karen McCall reviewed the issue paper. This request for rulemaking was from Total Wine and More. It proposes to increase from eight to 12 the number of ounces in total that can be served to a patron. In addition, language was removed that described the limit to one serving. Member Marr asked the BAC impact of 12 oz. of wine. Cindy Zender with Total Wine and More was present and commented that this is a win-win since MAST certification is now required for tastings at Beer and Wine Specialty Shops. Ms. Zender did not have the BAC information but mentioned that it varies. Chair Foster asked Ms. Zender if she was comfortable with people drinking 12 ounces and driving. Ms. Zender replied that they do not assume people will drink all of the 12 ounces of samples and that they will rely on their people to determine if people are intoxicated. Member Marr asked how many ounces were allowed in Grocery Store tastings. Karen McCall commented 2-ounce servings, up to four servings. Darren Smith with the WA Liquor Store Association supports the proposal. Member Marr added that according to his spontaneous smart-phone research, 12 ounces is likely to produce .06 BAC.

**Public Hearing on Restaurant Hours of Operation (WAC 314-02-015, WAC 314-02-045):**

Karen McCall reviewed the issue paper. This request came from the WA Restaurant Association. Many businesses have struggled through the downturn in the economy. The proposal reduces the required number of days and hours that a restaurant must be open. The minimum requirement would now be 5 hours a day for 3 days a week. Julia Clark with WRA commented that they appreciate the Board's flexibility in this rule change.



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**Board Approval to File CR 102 on Internet Sales and Delivery for Distilleries and Craft Distilleries:**

Karen McCall reviewed the issue paper. Comments received have stated the importance of this rule to allow craft distilleries to get their product out (to market.) John Guadnola commented that this is not allowed anywhere else in the country. This rule may open this up to other distilleries. He referred to his knowledge of submitted comments from Distilled Spirits Council of the United States (DISCUS) that stated that this rule would have to apply to out of state distilleries as well. Karen McCall was not aware of these comments yet and she will look into this. Member Marr made a motion to approve the CR-102. Chair Foster seconded. Both approved the motion.

**Board Approval to File CR 102 on WAC 314-23-030 for Spirits Certificate of Approval COAs:**

Karen McCall reviewed the issue paper. The request for rulemaking came from Distilled Spirits Council of the United States (DISCUS), several licensees and stakeholders. In consideration of the request, the agency reexamined the way I-1183 was written. Now the proposed rule modification would allow holders of any of the three types of Spirits Certificate of Approval licenses to obtain an endorsement to sell directly to retailers, not just distributors. Member Marr made a motion to approve the CR-102. Chair Foster seconded. Both approved the motion.

**Board Approval to File CR 102 for Requirements for Spirits Retail Licensees (Reporting Loss):**

Karen McCall reviewed the issue paper. This request for rulemaking came from the WA Association of Sheriffs and Police Chiefs. Comments received included Holly Chisa with Northwest Grocery Association. They do not want duplicate reporting requirements. Ms. McCall added that section 4 added Quarterly Reporting. This was accomplished by modifying an existing form currently used for reporting to LCB. Member Marr asked if this is creating actionable data. Quarterly data may provide data showing hot spots but he is not sure if this is what the chiefs are asking for. Ms. McCall stated that Chief Holmes wants to concentrate on areas showing theft. It is not intended that LCB identify the hot spots. (See additional comments below under New Business.) Member Marr made a motion to approve the CR-102. Chair Foster seconded. Both approved the motion.

**Board Approval to File CR 102 on Reporting Requirements for Spirits Retail Licensees**

**(License Fee Reporting):** Karen McCall reviewed the issue paper. Language covering what happens if fees are not paid was not included in first rulemaking on this topic. The language now proposed allows for license suspension. Member Marr asked if there was a proposed penalty schedule. Ms. McCall replied that a suspension would remain in place until payment was satisfied. Member Marr made a motion to approve the CR-102. Chair Foster seconded. Both approved the motion.

**New Business**

Member Marr praised LCB staff for accommodating the large crowd that gathered for the I-502 public forum on January 22 in Olympia. This is the first of six public hearings around the state.

Jan Gee commented that she was surprised about proposed requirements for theft reporting and will be submitting comments. Representative Hurst is holding stakeholder meetings for those impacted by theft and asked the Board to allow the Legislature to do its thing. She added that quarterly reporting is not very





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effective. Member Marr commented that he supported the Board standing back if something arises. Chair Foster commented that a fiscal note might need funding. Jan Gee added that they have been told not to call police if the value is under 4 thousand dollars, instead use your civil penalties. Rick Garza commented that he talked with Steve Gano. Thefts are being reported. If that is true, is this rule needed? Will a quarterly report help? This is a question for the petitioner. Holly Chisa commented that sometimes the Legislature will not wish to interrupt an agency while in rulemaking on a topic. They are willing to meet with any law enforcement. They call in all thefts. Member Marr added that we need to continue to ask how this creates actionable information. Darren Smith added that the reports (lacking details about shrinkage, miscount, theft or breakage) would be inherently tainted. Member requested that these compelling points be included in the public hearing.

**Old Business:**

None

The Board Meeting was adjourned at 10:55 a.m.

Sharon Foster,  
Board Chair

\_\_\_\_\_absent\_\_\_\_\_

Ruthann Kurose,  
Board Member

Chris Marr,  
Board Member