

# Washington's Craft Distillery License

Lt. Richard Manoli  
WSLCB

# Craft Distilleries

**Status: SHB 2959**

**Signed by the Governor 3/20/08.**

**Effective date 6/12/08.**

- This bill creates a “craft distillery” license within the current distillery license RCW with the following requirements and privileges:
  - Annual license fee is \$100 (compared to \$2000 for distillery license)
  - Producing 20,000 gallons or less of spirits
  - Half of the raw materials must be grown in Washington

# Craft Distilleries (Cont)

- Sell spirits of its own production for off-premises consumption – limit 2 liters per day per person
- Samples - maximum of 2 ounces per person per day – free of charge at the distillery
- Spirits used for samples and off-premises sales must be purchased from the board
- Requires MAST for any person involved in the service of samples
- **Amendment** added to SHB 2959 amend MAST RCWs to require MAST for any person selling or serving alcoholic beverages at a craft distillery.

# Laws & Regulations

## RCW

- **Revised Code of Washington**
- **Enacted by the Legislature**
- **Can only be changed by new Legislation**

## WAC

- **Washington Administrative Code**
- **Rules made by the Board under the powers granted by the Legislature**

# RCW 66.24.140

## Distiller's license — Fee.

There shall be a license to distillers, including blending, rectifying and bottling; fee two thousand dollars per annum, unless provided otherwise as follows:

**(1) For distillers producing twenty thousand gallons or less of spirits with at least half of the raw materials used in the production grown in Washington, the license fee shall be reduced to one hundred dollars per annum;**

(2) The board shall license stills used and to be used solely and only by a commercial chemist for laboratory purposes, and not for the manufacture of liquor for sale, at a fee of twenty dollars per annum;

(3) The board shall license stills used and to be used solely and only for laboratory purposes in any school, college or educational institution in the state, without fee; and

(4) The board shall license stills which shall have been duly licensed as fruit and/or wine distilleries by the federal government, used and to be used solely as fruit and/or wine distilleries in the production of fruit brandy and wine spirits, at a fee of two hundred dollars per annum.

**RCW 66.24.145**  
**Craft distillery —**  
**Sales and samples of spirits.**

(1) Any craft distillery may sell spirits of its own production for consumption off the premises, up to two liters per person per day. Spirits sold under this subsection must be purchased from the board and sold at the retail price established by the board. A craft distillery selling spirits under this subsection must comply with the applicable laws and rules relating to retailers.

**RCW 66.24.145**  
**Craft distillery —**  
**Sales and samples of spirits.**

(3) [(2)] Any craft distillery licensed under this section may provide, free of charge, one-half ounce or less samples of spirits of its own production to persons on the premises of the distillery. The maximum total per person per day is two ounces. Every person who participates in any manner in the service of samples must obtain a class 12 alcohol server permit. Spirits used for samples must be purchased from the board.

**RCW 66.24.145**  
**Craft distillery —**  
**Sales and samples of spirits.**

(4) [(3)] The board shall adopt rules to implement the alcohol server permit requirement and may adopt additional rules to implement this section.

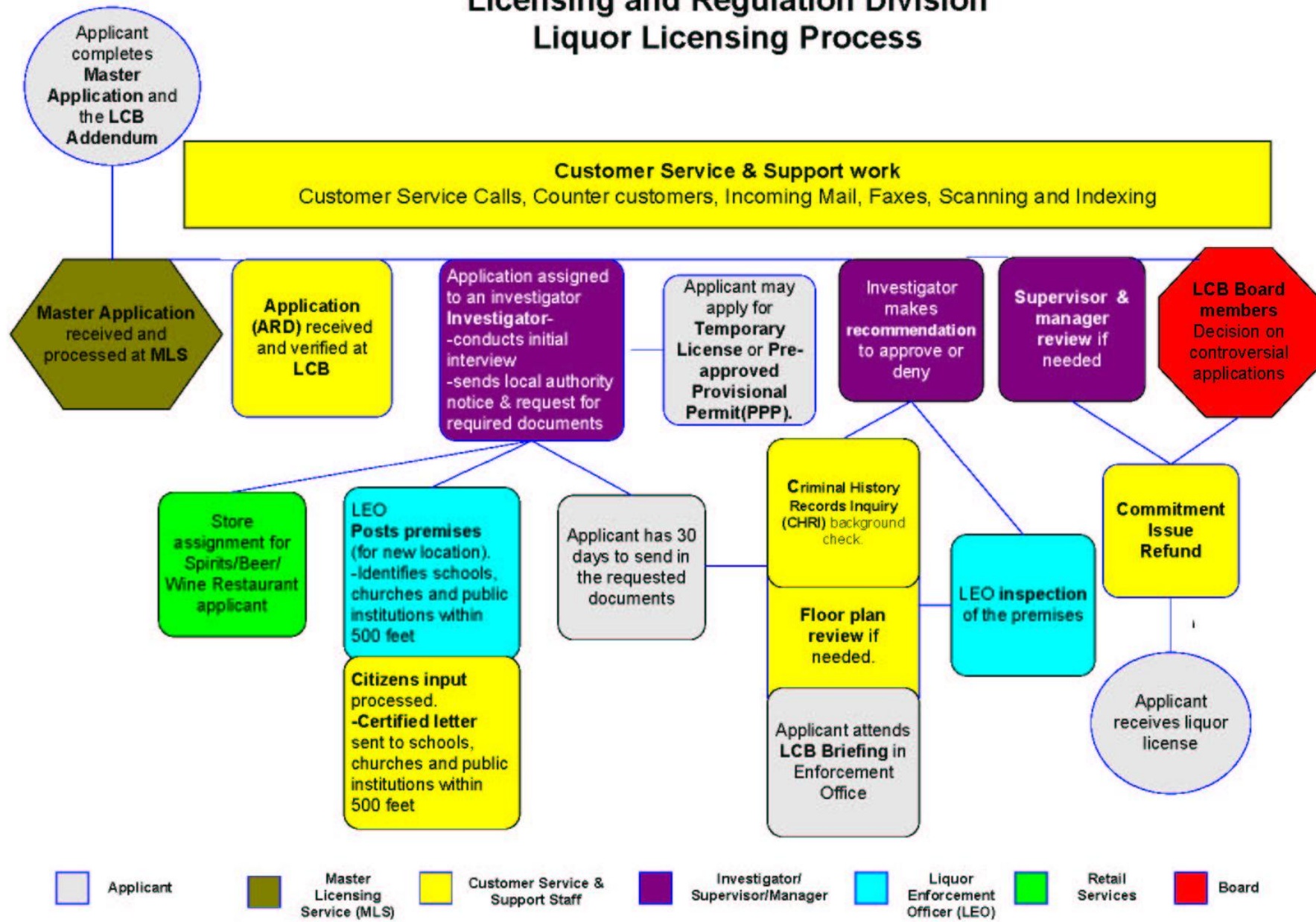
(5) [(4)] Distilling is an agricultural practice.



# License Applications

- The Process
- The internet

# Licensing and Regulation Division Liquor Licensing Process



[www.liq.wa.gov](http://www.liq.wa.gov)



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- [How to obtain an Alcohol Server Permit](#) **NEW!**
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- Licensing Forms and Publications \*requires [Adobe Acrobat reader](#)
  - [What Happens If I Violate A Liquor Law Brochure](#)
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This site will provide you  
with information on  
licenses and how to apply  
for a liquor license.

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Address:  
PO Box 43075  
3000 Pacific Avenue SE  
Olympia, WA 98504-3075

[Directions](#) to the Liquor Control Board or use [Mapquest](#) point to point driving directions.

E-mail: [wslcb@liq.wa.gov](mailto:wslcb@liq.wa.gov)

General Information: (360) 664-1600

Liquor Licensing Questions: 360-664-1600

[Licensee Briefings Schedule and Contact Information](#)

Questions About Enforcement of Liquor Laws and Rules: 360-664-1600

Toll free anonymous hotline for alcohol or tobacco related complaints 1-888-838-3939 or [Report a Violator](#)

Mandatory Alcohol Server Training: (360) 664-1600 or [Contact Server Permit Program Form](#)

Find your [Local Liquor Store](#)

Media Relations: (360) 664-1774

Public Records Request: (360) 664-1714 or [publicrecords@liq.wa.gov](mailto:publicrecords@liq.wa.gov)

Contact your [Local Enforcement Office](#)

Rule Information about Proposed Rules: (360) 664-1648 or [rules@liq.wa.gov](mailto:rules@liq.wa.gov)

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Access Washington Online [Telephone Directory](#) and [E-mail Directory](#)

# Craft Distillery Operation Licensee Acknowledgement

- Pricing shall be determined by the WSLCB
- Production reporting forms
- Late or incorrect reports
- The Board may require a surety bond for non-compliance
- Comply with the RCW and Rules

# Question

Who is the closest/"local" TTB representative or contact?



Alcohol and Tobacco  
Tax and Trade Bureau



**TTB Northwest Field Office**

**915 2nd Avenue, Suite 2888  
Seattle, WA 98174**

**Ph: 206.553.1700 || F:  
202.435.7053**

# Alcohol and Tobacco Tax and Trade Bureau

**[www.ttb.gov](http://www.ttb.gov)**

**Alcohol and Tobacco Tax and Trade Bureau,  
National Revenue Center,  
550 Main Street, Suite 8002,  
Cincinnati, Ohio 45202  
1-877-882-3277 or directly at (513) 684-  
3334.**

**[ttbquestions@ttb.gov](mailto:ttbquestions@ttb.gov)**

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## DISTILLED SPIRITS

### News and Events

[E-mail Updates](#)

- **Comment Period Extended for Notice No. 83, Proposed Revision of Distilled Spirits Plant Regulations**  
In [Notice No. 83](#), TTB proposes to amend its distilled spirits plant regulations to make them easier to understand. We have extended the comment period from August 6, 2008, until November 5, 2008 (see [Notice No. 86](#)). Submit comments via [Regulations.gov](#), by going to [Docket No. TTB-2008-0004](#) and selecting the "Add Comments" icon for Notice No. 83. To submit comments by other methods, see the instructions in the notice. (08/01/2008).
- **Registration Still Open for Final 2008 COLAs Online Workshop**  
TTB is hosting the last COLAs Online Workshop for 2008 in Boston, Massachusetts. There is no cost to attend, but [registration](#) is required. [Read more](#). (07/18/08)



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### Information By Topic

- [Distilled Spirits Laws and Regulations](#)
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- [Comment on Rulemaking](#)
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### Quick Links

- [Alcohol Beverage Control Boards](#)
- [Alcohol FAQs](#)
- [Approved Sureties](#)
- [Distilled Spirits Importers](#)
- [Distilled Spirits Industry Statistics](#)
- [Forms](#)
- [Gauging Manual Tables 1 -7](#)
- [What You Should Know About Distilled Spirits Labels](#)
- [Mandatory Labeling Requirements](#)
- [Metric Conversion Chart](#)
- [Tax Rates](#)

### How do I...?

- [Sell Tax-Free Alcohol to an Approved User?](#)
- [Become a Distilled Spirits Industry Member?](#)
- [Obtain Labeling and Formulation Approval?](#)
- [Determine and Pay Taxes?](#)
- [Submit a Product Sample?](#)
- [Determine Special Occupational Tax Liability?](#)
- [File a Disaster Claim?](#)
- [Contact a TTB Distilled Spirits Expert?](#)

# Other Laws Related To Spirits.

# Samples

WAC 314-64-08001

- Spirit samples
- To authorized retail licensees
- For the purpose of negotiating a sale.
- Without charge
- Single samples
- To retail licensees authorized to sell spirits
  - And their employees.

# Samples

**WAC 314-64-08001**

- Limited to 1.7 ounces (50 ml)
- No more than one sample of each product may be provided to any one licensed business.
- Samples must be purchased at retail from the board from existing stocks or by special order

# Samples

## WAC 314-64-08001

- Products not previously purchased
  - or existing products with a change in alcohol proof or formula may be sampled.
- Must retain records of sampling for a period of two years.
  - The records shall include the brand and type of sample and the date of sampling.

# Representative's/Agent's License

RCW 66.24.310

- Canvass or solicit,
- Receive or take orders
  - for the purchase or sale of liquor,
- Contact any licensees in goodwill activities

WAC 314-44-005

- Accredited representative of a
  - distiller
  - manufacturer
  - importer
  - or distributor of spirituous liquor



# TIED-HOUSE LAW

- **RCW 66.28.010**
- **Retail and Non Retail Relationships**
  - **No Financial Interest in retail accounts**
  - **Equal Responsibility**

# Tied-House

## Recent Changes and exceptions

### **Sports Entertainment Facilities**

- May enter into arrangements for brand advertising
- Promotion of events held at the facility
  - capacity of **five thousand** people or more
  - shall not be used as an inducement to purchase the products
  - nor shall it result in the exclusion of brands or products of other companies.
- Exception to RCW 66.28.010

# Liquor Advertisements

## **WAC 314-52-040**

- Prohibits any prizes redeemable through a retail liquor licensee.
- Cannot offer an instant redeemable rebate.

# Novelty Advertising

## **WAC 314-52-080**

- Provides benefit to retail licensee
- Novelty items may be sold to retailers at or above acquisition cost.
- Example of Novelty Items:  
coasters, menu cards, napkins, mugs, glasses, etc.

# Point-of-Sale (POS)

## **WAC 314-52-113**

- Point-of-sale material may be provided to retail licensees without charge
- Example of POS:  
Matches, calendars, recipes, price cards, table tents

# Joint Advertising Prohibited

## **WAC 314-52-090**

- Cannot provide advertising for retail licensees
- Name of licensee shall not appear
- Retailers may mention brands at own cost

# Prohibited Practices

## WAC 314-12-140

- **Contracts**
- **Gifts**
- **Rebates**
- **Installation services**
- **Novelty Items**
- **MUST BE CHARGED**

# Courses of Instruction

RCW 66.28.150

- Conduct courses of instruction
  - Licensees
  - Their employees,
  - On the subject of spirituous liquor
  - Without charge
- May furnish with the instruction
  - Spirituous liquor
  - Other equipment, materials, and utensils as may be required or courses of instruction.
- Given within the state of Washington.



# Educational Activities

## RCW 66.28.155

- May conduct educational activities
- Information on the subject of spirituous liquor including but not limited to:
  - Retailer to schedule a series appearances in an effort to equitably represent the industries.
  - Not permitted to receive compensation or financial benefit

# Promotion at colleges and universities

RCW 66.28.160

- May not conduct promotional activities
- May not engage in activities that facilitate or promote the consumption by the students.
- Does not prohibit:
  - The sale of alcoholic beverages, by retail licensees on their licensed premises, to persons of legal age and condition to consume alcoholic beverages;
  - Sponsorship of broadcasting services for events on a college or university campus;
  - Liquor advertising in campus publications; or
  - Financial assistance to an activity and acknowledgment of the source of the assistance, if the assistance, activity, and acknowledgment are each approved by the college or university administration.

For tax information and calculations.



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*More than 42% of the price of each bottle supports programs and services for Washington citizens.*



# Q & A

Who is the "local" or closest contact for  
Whatcom/Skagit counties?

Officer Steve Hypse  
909 SE Everett Mall Way Suite D-480  
Everett, WA 98208-3757

Phone: 425-290-3257

Fax: 425-338-3039

[shh@liq.wa.gov](mailto:shh@liq.wa.gov)

# Q & A

Q. What are the regulations for selling to merchants outside of the state of Washington?

A. Must follow TTB and that states laws.

Q. How are internet sales of spirits regulated?

A. Internet sales would be prohibited as Washington currently does not allow internet sales of Spirits.

# Q & A

Q. Could we locate the tasting room away from the Distillery?

A. No

Q. Can we sell our product off site from our distillery? (Booth at Pike Place Market or a fair, or farmer's market?)

A. No

Q. What happens once a Craft Distiller produces more than 20,000 gal per year production capacity? Specifically, does the craft distiller lose the ability to sample & sell directly?

A. You would lose the benefits and license as a Craft Distiller, no sampling and the fees would go up .

# Q & A

Q. How will the 20,000 gallons per year be measured under the WA craft distilling law? (i.e. proof gallons?)

A. Follow the TTB guidelines.

Q. Any guidelines regarding contract distilling? (i.e. producing a spirit product for a 3rd party– example being producing a private label product for a bar or hotel under contract)

A. Not allowed under the craft distillery license. Its for its own production. Would have to become a distillery.



# Q & A

Q. What are some best practices when communicating with the TTB and local WSLCB with regards to our distillery operations?

A. Straight forward. Call first if you have any questions or concerns.

Q. As long as we satisfy the 51% ingredient rule of the WA Craft Distillery Law ~ are there any limitations as to the ingredients we can use in our products? (any chance we can receive a copy of the TTB/FDA approved ingredient list?)

A. Will have to check with TTB.

Closing

Q & A