



Notice of Rule Change – Explanatory Statement Processing of Special Orders of Liquor from the Board

This explanatory statement concerns the **Washington State Liquor Control Board's adoption of changes to rules regarding the processing of special orders of liquor from the Board.**

The Administrative Procedure Act (RCW 34.05.325(6)) requires agencies to complete a concise explanatory statement before filing adopted rules with the Office of the Code Reviser. This statement must be provided to anyone who gave comment about the proposed rule making.

Once persons who gave comment during this rule making have had a chance to receive this document, the Liquor Control Board will file the amended rules with the Office of the Code Reviser. These rule changes will become effective 31 days after filing (approximately November 21, 2008).

The Liquor Control Board appreciates your involvement in this rule making process. If you have any questions, please contact Karen McCall, Rules Coordinator, at (360) 664-1631 or e-mail at rules@liq.wa.gov.

What are the agency's reasons for revising these rules?

These rules are being revised as part of the Rules review process.

What changes are being made?

Rule Adoption

The Board adopted these rule changes on September 24, 2008. The rules will be filed on October 20, 2008 and will be effective on November 21, 2008.

Summary of all public comments received on this rule proposal, by subject matter.

The Liquor Control Board received public comment in writing on the processing of special orders by the Board during the comment period that ended September 15, 2008. No comment was received at the public meeting held on September 10, 2008.

Summary of comments received during comment period ending Sept 15, 2008

1. On-line Ordering

Comment: No liquor should be direct delivery to customers, they could order online, but have to pickup at the store. (Hancock, Theresa, Sunnyside CLS 544)
The Board should utilize e-commerce as well as revise its current practices to streamline the current process (Wojnar, David, Distilled Spirits Council of the US)

Response:

We are considering developing an online ordering in the future, but customers would always need to pick up product at the stores, for age verification and to ensure the recipient is not intoxicated.

2. Ordering liquor which is less than 4% alcohol (reference **WAC 314-76-025** What **liquor products may be special ordered?** (1) Liquor products, except industrial alcohol, available for wholesale purchase in the United States may be available in the state of Washington through a special order at the discretion of the board.)

Comment: Customers should be able to special order wine or malt beverages under 4% if they are specialty products that are not available statewide. (Hancock, Theresa, Sunnyside CLS 544)

Response: The definition of "Liquor" is any alcohol product with at least 1% alcohol. By removing the 4% statement in the rule, the proposed language includes the ability for customer to special order any liquor product above 1% alcohol, expanding choices for customers.

3. Requirement for the customer to pick up products within 7 days

Comment: The seven day requirement should be extended.

Response: This requirement has been removed in the proposed language.

4. Desire to have more products available

Comment: The Board should open up availability for unique products that are available in other states, especially those from craft distilleries. (Dawson, Bradley, Bradley.sfs@gmail.com)

Response: The special order process provides the opportunity for all TTB-approved spirit products that are available for purchase in the US to be ordered, including products from small distilleries.

5. Case lot minimum requirement (Reference WAC 314-76-025 (3) Special order requests will be subject to a supplier's minimum order quantity, typically one full case of product.)

Comment: Current requirement of one case minimum is difficult to fill, LCB should permit consumers to order product on a per-bottle or less than case lot basis. Another option would be to process mixed-case orders. (Wojnar, David, Distilled Spirits Council of the US)

Response: Suppliers generally have a one case minimum order quantity. So allowing the consumer to order less than a case would require special handling and sorting at the LCB Distribution Center. Logistically, it would be difficult for the DC to do this, and the cost associated with doing that would not be a good use of taxpayer dollars. Mixed product cases can be created by a supplier, at their discretion, if they have multiple products they wish to sell in a single case.

6. Use satellite warehouses to distribute special orders

Comment: Consider using satellite warehouses streamline the system. (Wojnar, David, Distilled Spirits Council of the US)

Response: We don't envision that this would be cost effective or provide better service to our customers.

Other comments not related to the Special Order WAC

- Concern that the state has 30 days to pay on credit and every other retailer has to pay COD (Dow, Peter, Cavatappi Distribuzione)
- Develop “specialty” sections in designated state stores to showcase luxury goods. (Wojnar, David, Distilled Spirits Council of the US)
- Liquor should be delivered to the closest retail outlet (Hancock, Theresa, Sunnyside CLS 544)

Public Comment Participant List

Name and Affiliation

Written comments

Dawson, Bradley	Bradley.sfs@gmail.com
Hancock, Theresa	Sunnyside CLS 544
Dow, Peter	Cavatappi Distribuzione
Wojnar, David	Distilled Spirits Council of the US

Testimony at Public Hearing – Sept. 10, 2008 Olympia, WA

none

WAC Changes

Chapter 314-76 WAC

PROCESSING SPECIAL ORDERS OF LIQUOR FROM THE BOARD

NEW SECTION

WAC 314-76-015 What is the purpose of this chapter?

The purpose of this chapter is to describe the process for obtaining liquor from the board that is not regularly available through the board's retail stores. This process is known as a special order.

NEW SECTION

WAC 314-76-020 Who may special order liquor from the board?

(1) An individual who is twenty-one years of age or older may request a special order for liquor from the board. The liquor must be for his or her personal use and not for resale.

(2) A person licensed to sell liquor by the drink at retail to customers at the person's licensed premises may request a special order for liquor from the board.

NEW SECTION

WAC 314-76-025 What liquor products may be special ordered? (1) Liquor products, except industrial alcohol, available for wholesale purchase in the United States may be available in the state of Washington through a special order at the discretion of the board.

(2) All liquor products must have federal label approval. Wine and beer products must have Washington state label approval.

(3) Special order requests will be subject to a supplier's minimum order quantity, typically one full case of product.

NEW SECTION

WAC 314-76-030 Are there special requirements for a special order? The board may require prepayment or a deposit from a customer for a special order. All sales of special ordered items are final and may not be returned to the board, unless the product is defective.

