Chapter 314-23 WAC
SPIRITS DISTRIBUTORS, SPIRITS CERTIFICATE OF APPROVAL LICENSES, AND SPIRITS IMPORTERS

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WAC

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DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

314-23-025 Collection of shortfall of spirits distributor license fees from spirits distributor license holders. [Statutory Authority: RCW 66.24.055 and 66.08.030. WSR 12-21-057, § 314-23-025, filed 10/15/12, effective 11/15/12.] Repealed by WSR 19-21-002, filed 10/2/19, effective 1/1/20. Statutory Authority: Chapter 66.24 RCW, RCW 66.08.030 and Court of Appeals Decision: Washington Restaurant Association, et al., v. WSLCB, 200 Wn.App. 119, 401 P.3d 428 (2017).

314-23-065 What are "unfair trade practices"? [Statutory Authority: RCW 66.08.030. WSR 15-19-130, § 314-23-065, filed 9/21/15, effective 10/22/15.] Repealed by WSR 26-10-095, filed 5/6/26, effective 5/6/26. Statutory Authority: RCW 34.05.353 and Wash. Rest. Ass'n v. Wash. State Liquor & Cannabis Bd., 448 P.3d 140 (Wash. Ct. App. 2019).

314-23-080 Are licensed distributors or other licensed suppliers of spirits and wine allowed to provide volume discounts to on-premises or off-premises retail licensees? [Statutory Authority: RCW 66.08.030. WSR 15-19-130, § 314-23-080, filed 9/21/15, effective 10/22/15.] Repealed by WSR 26-10-095, filed 5/6/26, effective 5/6/26. Statutory Authority: RCW 34.05.353 and Wash. Rest. Ass'n v. Wash. State Liquor & Cannabis Bd., 448 P.3d 140 (Wash. Ct. App. 2019).

314-23-085 What type of discounts are not allowed? [Statutory Authority: RCW 66.08.030. WSR 16-19-105, § 314-23-085, filed 9/21/16, effective 10/22/16; WSR 15-19-130, § 314-23-085, filed 9/21/15, effective 10/22/15.] Repealed by WSR 26-10-095, filed 5/6/26, effective 5/6/26. Statutory Authority: RCW 34.05.353 and Wash. Rest. Ass'n v. Wash. State Liquor & Cannabis Bd., 448 P.3d 140 (Wash. Ct. App. 2019).

WAC 314-23-001 What does a spirits distributor license allow?

(1) A spirits distributor licensee is allowed to:

(a) Sell spirits purchased from manufacturers, distillers, importers, or spirits certificate of approval holders;

(b) Sell spirits to any liquor licensee allowed to sell spirits;

(c) Sell spirits to other spirits distributors;

(d) Sell spirits to bona fide full-time employees per RCW 66.28.185 under the following conditions:

(i) No spirits may be sold unless they are in such condition that they cannot reasonably be sold in the normal course of business, such as damage to the label on an individual bottle;

(ii) No spirits may be sold for less than the spirits distributor licensee's cost of acquisition; and

(iii) No spirits may be sold to a person who has been employed by the spirits distributor licensee for less than ninety days at the time of the sale or who is under the age of twenty-one.

(e) Export spirits from the state of Washington.

(2) The price of spirits sold to retailers may not be below acquisition cost.

[Statutory Authority: Chapter 66.24 RCW, RCW 66.08.030 and Court of Appeals Decision: Washington Restaurant Association, et al., v. WSLCB, 200 Wn.App. 119, 401 P.3d 428 (2017). WSR 19-21-002, § 314-23-001, filed 10/2/19, effective 1/1/20. Statutory Authority: RCW 66.08.030, 66.24.055, 66.24.160, 66.24.630, and 66.24.640. WSR 12-12-065, § 314-23-001, filed 6/5/12, effective 7/6/12.]

WAC 314-23-005 What are the fees for a spirits distributor license? (1) The holder of a spirits distributor license must pay to the board a monthly license fee. The license fee is:

(a) Ten percent of the total revenue from all sales of spirits to employees and retail licensees made during the month for which the fee is due for the first 27 months of licensure; or

(b) Five percent of the total revenue from all sales of spirits to employees and retail licensees made during the month for which the fee is due for the 28th month of licensure and each month thereafter; and

(c) Required on sales of spirits which the licensee was the first spirits distributor in the state to have received:

(i) Spirits manufactured in the state, from the distiller; or

(ii) Spirits manufactured outside of the state, from an authorized out-of-state supplier.

(2) For sales to employees under RCW 66.28.185 and 66.24.630, the holder of a spirits distributor license must pay a license fee of 17 percent of the total revenue from sales of spirits to employees made during the month for which the fee is due.

(3) Reporting of sales and payment of fees must be submitted electronically or on forms provided by the board.

(4) The annual fee for a spirits distributor license is $1,980 for each licensed location.

[Statutory Authority: RCW 34.05.353, 66.08.030, 66.08.[0]31, 66.20.010, 66.20.110, 66.20.300, 66.20.310, 66.20.400, 66.24.015, 66.24.035, 66.24.055, 66.24.146, 66.24.179, 66.24.246, 66.24.248, 66.24.320, 66.24.330, 66.24.350, 66.24.354, 66.24.360, 66.24.363, 66.24.371, 66.24.420, 66.24.540, 66.24.550, 66.24.580, 66.24.590, 66.24.600, 66.24.610, 66.24.630, 66.24.710, 69.50.325, and 69.50.342. WSR 26-03-072, s 314-23-005, filed 1/20/26, effective 1/20/26. Statutory Authority: Chapter 66.24 RCW, RCW 66.08.030 and Court of Appeals Decision: Washington Restaurant Association, et al., v. WSLCB, 200 Wn.App. 119, 401 P.3d 428 (2017). WSR 19-21-002, § 314-23-005, filed 10/2/19, effective 1/1/20. Statutory Authority: RCW 66.08.030, 66.24.055, 66.24.160, 66.24.630, and 66.24.640. WSR 12-12-065, § 314-23-005, filed 6/5/12, effective 7/6/12.]

WAC 314-23-020 What are the requirements for a spirits distributor license? (1) In addition to any application requirements in chapter 314-07 WAC, applicants applying for a spirits distributor license must submit:

(a) A copy of all permits required by the federal government;

(b) Documentation showing the applicant has the right to the property;

(c) An acknowledgment form certifying the applicant has a security plan which addresses:

(i) Inventory management; and

(ii) Physical security of spirits product with respect to preventing theft.

(2) Spirits distributors must sell and deliver product from their licensed premises.

[Statutory Authority: RCW 66.08.030, 66.24.055, 66.24.160, 66.24.630, and 66.24.640. WSR 12-12-065, § 314-23-020, filed 6/5/12, effective 7/6/12.]

WAC 314-23-021 What are the monthly reporting and payment requirements for a spirits distributor license? (1) A spirits distributor must submit monthly sales reports and payments to the board.

(2) The required monthly sales reports must be:

(a) Filed electronically or on a form furnished by the board;

(b) Filed every month, including months with no activity or payment due;

(c) Submitted, with any payment due to the board on or before the 20th day of each month for the previous month (for example, a report listing transactions for the month of January is due by February 20th). When the 20th day of the month falls on a Saturday, Sunday, or a legal holiday, the filing must be postmarked by the U.S. Postal Service no later than the next postal business day; and

(d) Filed separately for each liquor license held.

(3) Electronic payments will be considered received on the date they post in the LCB receiving account.

[Statutory Authority: RCW 66.08.030 and 2015 c 70. WSR 24-16-064, § 314-23-021, filed 7/31/24, effective 8/31/24. Statutory Authority: Chapter 66.24 RCW, RCW 66.08.030 and Court of Appeals Decision: Washington Restaurant Association, et al., v. WSLCB, 200 Wn.App. 119, 401 P.3d 428 (2017). WSR 19-21-002, § 314-23-021, filed 10/2/19, effective 1/1/20. Statutory Authority: RCW 66.08.030, 66.24.055, 66.24.160, 66.24.630, and 66.24.640. WSR 12-12-065, § 314-23-021, filed 6/5/12, effective 7/6/12.]

WAC 314-23-022 What if a distributor licensee fails to report or pay, or reports or pays late? (1) Failure of a spirits distributor licensee to submit monthly reports and payment to the board as required in WAC 314-23-021(1) will be sufficient grounds for the board to suspend or revoke the liquor license.

(2) A penalty of two percent per month will be assessed on any payments postmarked or posted in the LCB receiving account if paying electronically after the 20th day of the month following the month of sale. When the 20th day of the month falls on a Saturday, Sunday, or a legal holiday, the report and payment must be postmarked or posted in the LCB receiving account if paying electronically no later than the next postal business day.

Absent a postmark, and if not paying electronically, the date received at the LCB will be used to determine if penalties are to be assessed.

(3) Electronic payments will be considered received on the date they post in the LCB receiving account.

[Statutory Authority: RCW 66.08.030 and 2015 c 70. WSR 24-16-064, § 314-23-022, filed 7/31/24, effective 8/31/24. Statutory Authority: Chapter 66.24 RCW, RCW 66.08.030 and Court of Appeals Decision: Washington Restaurant Association, et al., v. WSLCB, 200 Wn.App. 119, 401 P.3d 428 (2017). WSR 19-21-002, § 314-23-022, filed 10/2/19, effective 1/1/20. Statutory Authority: RCW 66.08.030. WSR 14-12-101, § 314-23-022, filed 6/4/14, effective 7/5/14. Statutory Authority: RCW 66.24.630, 66.24.055, 66.24.145 and 66.08.030. WSR 13-07-085, § 314-23-022, filed 3/20/13, effective 4/20/13. Statutory Authority: RCW 66.08.030, 66.24.055, 66.24.160, 66.24.630, and 66.24.640. WSR 12-12-065, § 314-23-022, filed 6/5/12, effective 7/6/12.]

WAC 314-23-030 What does a spirits certificate of approval license allow? (1) A spirits certificate of approval license may be issued to spirits manufacturers located outside of the state of Washington but within the United States.

(2) There are three separate spirits certificate of approval licenses as follows:

(a) A holder of a spirits certificate of approval may act as a distributor of spirits they are entitled to import into the state by selling directly to spirits distributors or spirits importers licensed in Washington state. The fee for a certificate of approval is $300 per year.

(b) A holder of an authorized representative out-of-state spirits importer or brand owner for spirits produced in the United States but outside of Washington state may obtain a spirits authorized representative domestic certificate of approval license which entitles the holder to import spirits into the state by selling directly to spirits distributors, or spirits importers licensed in Washington state. The fee for an authorized representative certificate of approval for spirits is $300 per year.

(c) A holder of an authorized representative out-of-state spirits importer or brand owner for spirits produced outside of the United States obtains a spirits authorized representative foreign certificate of approval which entitles the holder to import spirits into the state by selling directly to spirits distributors, or spirits importers licensed in Washington state. The fee for an authorized representative certificate of approval for foreign spirits is $300 per year.

(3) A spirits certificate of approval holder, a spirits authorized representative domestic certificate of approval holder, and/or a spirits authorized representative foreign certificate of approval holder must obtain an endorsement to the certificate of approval that allows the shipment of spirits the holder is entitled to import into the state directly to licensed liquor retailers. The fee for this endorsement is $150 per year and is in addition to the fee for the certificate of approval license.

(4) The holder of a certificate of approval license that sells directly to licensed liquor retailers must report to the board monthly, electronically or on forms provided by the board, the amount of all sales of spirits to licensed spirits retailers and spirits distributors.

[Statutory Authority: RCW 34.05.353, 66.08.030, 66.08.[0]31, 66.20.010, 66.20.110, 66.20.300, 66.20.310, 66.20.400, 66.24.015, 66.24.035, 66.24.055, 66.24.146, 66.24.179, 66.24.246, 66.24.248,

66.24.320, 66.24.330, 66.24.350, 66.24.354, 66.24.360, 66.24.363, 66.24.371, 66.24.420, 66.24.540, 66.24.550, 66.24.580, 66.24.590, 66.24.600, 66.24.610, 66.24.630, 66.24.710, 69.50.325, and 69.50.342. WSR 26-03-072, s 314-23-030, filed 1/20/26, effective 1/20/26. Statutory Authority: Chapter 66.24 RCW, RCW 66.08.030 and Court of Appeals Decision: Washington Restaurant Association, et al., v. WSLCB, 200 Wn.App. 119, 401 P.3d 428 (2017). WSR 19-21-002, § 314-23-030, filed 10/2/19, effective 1/1/20. Statutory Authority: RCW 66.24.640, 66.08.030. WSR 13-07-009, § 314-23-030, filed 3/7/13, effective 4/7/13. Statutory Authority: RCW 66.08.030, 66.24.055, 66.24.160, 66.24.630, and 66.24.640. WSR 12-12-065, § 314-23-030, filed 6/5/12, effective 7/6/12.]

WAC 314-23-040 What are the requirements for a certificate of approval license? The following documents are required to obtain a certificate of approval license:

(1) Copies of all permits required by the federal government;

(2) Copies of all state licenses and permits required by the state in which your operation is located; and

(3) Licensing documents as determined by the board.

[Statutory Authority: RCW 66.08.030, 66.24.055, 66.24.160, 66.24.630, and 66.24.640. WSR 12-12-065, § 314-23-040, filed 6/5/12, effective 7/6/12.]

WAC 314-23-041 What are the monthly reporting requirements for a spirits certificate of approval licensee? (1) A spirits certificate of approval licensee must submit monthly reports to the board.

(2) The required monthly reports must be:

(a) Filed electronically or on a form furnished by the board;

(b) Filed every month, including months with no activity;

(c) Submitted on or before the 20th day of each month, for the previous month (for example, a report listing transactions for the month of January is due by February 20th). When the 20th day of the month falls on a Saturday, Sunday, or a legal holiday, the filing must be postmarked by the U.S. Postal Service no later than the next postal business day; and

(d) Filed separately for each liquor license held.

(3) Absent a postmark, the date received at the LCB will be used to determine timeliness.

[Statutory Authority: RCW 66.08.030 and 2015 c 70. WSR 24-16-064, § 314-23-041, filed 7/31/24, effective 8/31/24. Statutory Authority: Chapter 66.24 RCW, RCW 66.08.030 and Court of Appeals Decision: Washington Restaurant Association, et al., v. WSLCB, 200 Wn.App. 119, 401 P.3d 428 (2017). WSR 19-21-002, § 314-23-041, filed 10/2/19, effective 1/1/20. Statutory Authority: RCW 66.08.030, 66.24.055, 66.24.160, 66.24.630, and 66.24.640. WSR 12-12-065, § 314-23-041, filed 6/5/12, effective 7/6/12.]

WAC 314-23-042 What if a spirits certificate of approval licensee fails to report or reports late? The board may revoke or suspend a certificate of approval license for failure to submit monthly reports or for submitting reports after the monthly due date.

[Statutory Authority: Chapter 66.24 RCW, RCW 66.08.030 and Court of Appeals Decision: Washington Restaurant Association, et al., v. WSLCB, 200 Wn.App. 119, 401 P.3d 428 (2017). WSR 19-21-002, § 314-23-042, filed 10/2/19, effective 1/1/20. Statutory Authority: RCW 66.08.030. WSR 14-12-101, § 314-23-042, filed 6/4/14, effective 7/5/14. Statutory Authority: RCW 66.08.030, 66.24.055, 66.24.160, 66.24.630, and 66.24.640. WSR 12-12-065, § 314-23-042, filed 6/5/12, effective 7/6/12.]

WAC 314-23-050 What does a spirits importer license allow? (1) A spirits importer license is issued to an in-state spirits importer. A spirits importer is allowed to:

(a) Import spirits into the state of Washington;

(b) Store spirits in the state of Washington;

(c) Sell spirits to spirits distributors; and

(d) Export spirits in original containers.

(2) An out-of-state spirits importer is required to obtain an authorized representative certificate of approval license as referenced in WAC 314-23-030.

[Statutory Authority: RCW 66.08.030, 66.24.055, 66.24.160, 66.24.630, and 66.24.640. WSR 12-12-065, § 314-23-050, filed 6/5/12, effective 7/6/12.]

WAC 314-23-060 What are "volume discounts"? Volume discounts are discounts that are based solely on the volume of the spirits and/or wine that is purchased by a retailer from a distributor or supplier. However, the limitations on interactions between the levels of licenses remain including, but not limited to, the prohibition on undue influence and sales below cost.

[Statutory Authority: RCW 66.08.030. WSR 15-19-130, § 314-23-060, filed 9/21/15, effective 10/22/15.]

WAC 314-23-070 What is "local market"? Local market is limited to businesses in geographic recognized market areas such as town, city, county or other recognized geographic area in which distribution services are provided. For the purposes of differential pricing, sales to on-premises retailers and off-premises retailers constitute separate markets.

[Statutory Authority: RCW 66.08.030. WSR 15-19-130, § 314-23-070, filed 9/21/15, effective 10/22/15.]

WAC 314-23-075 Are licensed distributors or other suppliers of spirits and wine allowed to provide discounts to on-premises or off-premises retail licensees based on a commitment from the retailer to purchase a particular percentage of the spirits back-bar, well-drinks, wine by the glass, or any combination of these? (1) It is unlawful for a distributor or other supplier of spirits or wine to offer a lower price to an on-premises or off-premises retailer if the retailer is required to purchase a specific portion of some or all of its wine or

spirits from that distributor or supplier in order to qualify for the lower price. Such requirements include, but are not necessarily limited to, agreeing to devote certain percentage of the spirits back-bar, well-drinks, wine by the glass, or any combination of these or other types of purchases to products sold by that distributor or supplier.

(2) Such exclusive discounts are prohibited under RCW 66.28.170 and federal law 27 C.F.R. 6.72.

[Statutory Authority: RCW 66.08.030. WSR 15-19-130, § 314-23-075, filed 9/21/15, effective 10/22/15.]