



Washington State Liquor Control Board

Tribal Workgroup Minutes June 29, 2009

ATTENDEES

Tribes

Jerry Allen, Jamestown S'Klallam
Chris Masse, Miller Nash
Toni McCullough, Lummi
Kelly Croman, Marine View Ventures
Madrienne Salgado, Muckleshoot
Deryl Brown-Archie, Muckleshoot
Rion Ramirez, Port Madison Enterprises
Raymond Dodge, Quinault
Mike Moran, Samish
Nathan Schreiner, Squaxin

Liquor Control Board

Ruthann Kurose
Pat Kohler
Rick Garza
Alan Rathbun
Pat McLaughlin
Pat Parmer
John Redal
Karen McCall
Sharon Hendricks
Mona Moberg
Holly Longo

Governor's Office

Craig Bill
Rebecca George

Licensing Workgroup

The meeting began with Alan Rathbun, Licensing Director providing an overview of issues that were identified and asked Kelly Croman to walk-thru the "Tribal Liquor License Issues and Alternatives" document she developed. Below are the discussions and action items from the Licensing Workgroup.

- While desirable, a revamp of Master License process and on-line form would be very lengthy and involve significant budget challenges. This is seen as a long-term option.
- As a short term option, pursue a Memorandum of Understanding (MOU) or contract in lieu of using the MLS to create an agreement between the state and tribe to include:
 - Enforcement protocols
 - How to communicate with each other
 - Dispute resolution protocol

NOTE: This does not apply to contract liquor stores and could either be an umbrella/overarching license or apply to individual locations operated by the tribe.

Tribal Workgroup Minutes

June 29, 2009

- A key point will be how to get a UBI number. At Department of Revenue (DOR) they can create a 9-digit number that doesn't put you in the main system (would be considered a liquor only revenue account). This would serve as an information account. Department of Labor and Industries also uses special purpose UBI accounts. Both departments could be a resource to learn how the process might work. Nate Schreiner can help coordinate discussion with DOR regarding using this UBI approach.
- The DOR model just bypasses the Master Business License system. The tribe still acts as a liquor licensee and would meet all the normal requirements of a licensee.
- **ACTION:** LCB to contact MLS about the process currently used to license out-of-state wineries (Certificate of Approval) holders as a possible licensing alternative for tribes.
- If the MLS is bypassed, the LCB would need to create manual processes for this type of "license" which includes how to notify the licensee of renewals. This type of manual processing is used for bed and breakfast, non-profit arts, and serve employees and guests licenses.
- A mid-term option the LCB was considering is to license the tribal "entity" versus license each location (would serve more as an umbrella license. This would create some other challenges such as enforcement---if a location received a number of violations and faced possible closure, how would the other locations be affected since the "entity" is the licensee?
- **ACTION:** LCB and Kelly Croman to look at Squaxin sample agreements to draft an alternative licensing approach/MOU for the July 21 tribal workgroup meeting (send material to members a week in advance of meeting). Include a flowchart showing critical decision points in the process. Also include some of the issues that may arise from this alternative such as local government concerns. The MOU may need an "intent" statement to help clarify why the agreement is needed.
- A possible complication of using an MOU would be assigning a "privilege" code that only can be used for tribes and how the LCB could keep the tribal licensee outside the MLS.
- Additional issues with the current licensing process were identified:
 - Some tribes are not comfortable with floor layout/structural requirements for separation of liquor sales (to prevent underage access) – relates to casino versus restaurant access (Rion).
 - The hotel versus events center requirement for two licenses for adjacent properties is an issue (Nate Schreiner).
 - Maybe the operating plan could be used to spell out safeguards to prevent underage access. Tribes would like to see greater flexibility for tribal operating plans.

Tribal Workgroup Minutes June 29, 2009

Business Enterprise Workgroup

Pat McLaughlin, Business Enterprise Director gave a presentation on the Direct Pricing Model and provided a Direct Pricing Model Comparison. Below are the discussions and action items from the Business Enterprise Workgroup.

- Contract stores (154) have about 20% of our business and generally are in rural locations. Military and tribal locations are about 2.5% each. The process to get a contract store is that individuals submit a request after an ad is posted in the newspaper and on the LCB website to announce the opening of a new store. **ACTION:** LCB to provide (by location) the aggregate sales tax paid by tribes.
- The potential for tax revenue sharing between tribes and state (LCB) is a broader issue and will require a discussion that Craig Bill can take to the Governor at a later date.
- The tribes would like LCB to explain the logic and process to “temporary price reductions.”
- Kelly suggested that tribes could manufacture their own liquor and enjoy preemption of state taxes under federal Indian law principles.
- **ACTION:** LCB provide tribes the agency “pie chart” that shows how funds are distributed to local government to help the tribes explain how they support the communities.
- **ACTION:** LCB bring tribal agreements/contracts to workgroup to show differences and content among the agreements. Send this electronically if possible to workgroup. The workgroup will discuss possible modifications or how to create a common template.
- Store siting considerations were shared with the workgroup:
 - Population
 - Demographics
 - Physical location/area
 - Parking availability
 - Compatible tenants in the new location
 - Historical sales performance in a given area
 - Sales goals
 - Community request/desire for store
- **ACTION:** LCB to share information on new possible store locations and their proximity to tribal areas when areas are identified/known – prior to approving the new site.
- When opening new stores, assume tribal interest for upcoming new stores. LCB should notify the tribe for a given area to get their level of interest. Tribes would like to see a consultation policy to ensure that Tribal governments are given an opportunity to open stores and that state store openings do not further limit the opportunities available to tribes by meeting all new demands.

Tribal Workgroup Minutes
June 29, 2009

- LCB to determine key decision points for store siting (provide in a flowchart) so that the workgroup can discuss how to ensure that appropriate tribal consultation takes place.
- Informal feedback from the tribes on this workgroup suggests they are interested in a store or at least to be consulted on the opportunity. It is important to consult the tribes due to land holdings (off the reservation) that may not be viewed as tribal land. Agencies such as DOR, WSP, DOT and Gambling have good processes for notifying tribes so may be a good resource to explain how to know which tribe to notify. **ACTION:** LCB bring proposal for the group to review that describes how tribes will be notified and what information is needed. One possible solution is to use a “list serve” to send out notification to the tribal workgroup (with a time limit for response back to LCB).
- One goal from this workgroup is to create a formal store siting policy (LCB to identify components for policy by 7/21).
- **ACTION:** The 15 new store locations will be shared with the tribal group when sites are known. The tribal workgroup will help LCB determine who to speak to within the tribal community.
- **ACTION:** LCB to come up with a plan to address tribal store denials and limitations such as the number of SKU's.
- **ACTION:** LCB define a process to address potential conflicts between LCB and tribes regarding store sitings.

Next Meeting:

Tuesday, July 21

Seattle Distribution Center

9:30 – 11:00

Licensing Workgroup

11:00 – 3:00

Business Enterprise Workgroup

7/13/09 (mlm/hl) rev. 7/17/09