



Washington State
Liquor Control Board
3000 Pacific Ave. SE Olympia WA, 98504

May 7, 2009

No. 2009-5

TO: ALL SUPPLIERS

FROM: DEBI J. BESSER, C.P.M., DIRECTOR OF PURCHASING

SUBJECT: CHANGE IN SPIRIT MARKUP FORMULA EFFECTIVE AUGUST 1, 2009

We are notifying product suppliers in advance of a potential August 1, 2009 spirit markup increase, to allow adequate time for planning and administration of these changes. This markup increase is based upon the current 2009-11 operating budget which is currently awaiting action by the governor. She has until May 21, 2009 to sign it into law. If there is a change, we will notify suppliers as soon as possible.

If the existing budget bill is signed into law, effective August 1, 2009, the Washington State Liquor Control Board (LCB) will adjust the markup on distilled spirits. Based upon the May 6, 2009 Board action, the mark-up will increase from 39.2% to 51.9%. This allows the LCB to cover the \$78.6 million that will be removed from the Liquor Revolving Fund by Engrossed Substitute House Bill 1244 to help close the state's \$9 billion budget deficit. There are no changes to the pricing formula for wine or beer.

The new retail price will be calculated based on the most recent case cost quoted to us. If you decide to re-quote existing products, please use the Standard Quotation Form and submit those quotes to Kelly Higbee at ksh@liq.wa.gov. **Updated quotes must be submitted by June 5, 2009 to be effective on August 1, 2009.**

The Standard Quotation Form and updated Spirit Price Calculator can both be found on the WSLCB Web site "[Supplier Information](#)" Page ([click here to be linked directly to that page](#)). The Spirit Price Calculator is an Excel spreadsheet you can use to calculate the retail price resulting from the case cost at which you sell to the LCB.

The Spirit Price Calculator is meant to provide you a very close approximation of the retail price. However, the final price will be calculated by our pricing system, and in rare instances, results in a different retail price due to differences in rounding. Please indicate your desired retail price on your quote, and if the final retail price differs from your desired retail price, we will contact you to resolve the difference.

Pricing for 2009 Holiday One-time-only (OTO) products will be calculated with the new markup. Once the 2009 OTO products are approved by the Board, suppliers of the approved products will have the opportunity to provide updated quotes.

If you have any questions regarding this pricing formula, please contact Kelly Higbee at (360) 664-1659 or ksh@liq.wa.gov.

If you have questions regarding the increase in mark-up, please contact Debi Besser at (360) 664-1668 or djb@liq.wa.gov, or Brian Smith at (360) 664-1774 or besmi@liq.wa.gov.

cc: Registered Agents