



Alcohol and Gaming Commission of Ontario

Distillery Retail Store Information Guide

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AGCO

Alcohol and Gaming
Commission of Ontario

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General Information

The Registrar of Alcohol, Gaming and Racing (“the Registrar”) may authorize a manufacturer of distilled spirits (“manufacturer”) to operate a store for the retail sale of its distilled spirits. A manufacturer must comply with specific criteria in order to be eligible for an authorization to operate a distillery retail store. This information guide summarizes those criteria. This guide is designed to assist manufacturers in applying for the issuance of a new Distillery Retail Store Authorization, or for approval to relocate an existing authorized distillery retail store.

In order to be eligible for a Distillery Retail Store Authorization, a manufacturer must hold a Manufacturer’s Licence - Distillery issued by the Registrar. In addition, the manufacturer must meet all other requirements outlined in this information guide.

A distillery retail store must be located on the same parcel of land as the manufacturer’s production site. More than one licensed manufacturer may have an authorized distillery retail store at the same production site, provided that each licensed manufacturer possesses substantial ownership and control over the production site.

The Registrar determines eligibility for a retail store authorization and prepares Conditions for each store authorized. On July 1, 2017, sales of spirits and spirits coolers from stores operated by a spirits manufacturer became subject to a basic tax, a volume tax and an environmental tax, payable to the Ministry of Finance. With the onset of this tax structure, onsite sales are no longer treated as sales made on behalf of the LCBO and therefore Distillery Retail Store Sales Agreements with the LCBO are no longer required as part of the conditions of a Retail Store Authorization.

For information about sales to licensees, including tied houses, by-the-glass and duty free operators, please contact the LCBO directly at distillery.policy@lcbo.com or visit the LCBO.com webpage.

Change of Ownership

If there is a proposed change in the ownership of a distillery which holds an On-Site Distillery Retail Store Authorization, an application for the transfer of the Manufacturer’s Licence - Distillery must be filed by the prospective buyers. Retail store authorizations are not transferable. The prospective buyer must file an application for a new retail store authorization. The two applications will be reviewed concurrently.

Relocations of Existing Distillery Retail Stores

If a manufacturer with an On-Site Distillery Retail Store Authorization wishes to relocate its distillery retail store, it must apply to the Registrar for authorization to relocate prior to any changes taking place. If approved, the manufacturer must then surrender its existing retail store authorization and obtain a new authorization from the Registrar, showing the new location.

Distilled Spirits Which May Be Sold at a Distillery Retail Store

A manufacturer may only sell in its on-site distillery retail store brands which are owned by the manufacturer. In addition, a certain percentage of the volume of spirits or spirit products sold in an on-site distillery retail store must be distilled, blended, aged and/or bottled by the manufacturer at the production site where the store is located.

Accepting Payment at a “Tied House” for a Distillery Retail Store Purchase

If a “Tied House” is located on the same manufacturing site as an on-site distillery retail store, the licensee may bring sealed, unopened liquor purchased from the retail store onto the licensed premises for the purposes of selling it to a patron. For example, the licensee may allow restaurant patrons that wish to purchase product for personal use from the retail store to pay for the product on their restaurant bill. In order to do so, the licensee must first purchase the sealed, unopened product from the distillery retail store on the patron’s behalf and then charge the amount of the purchase directly on the restaurant bill.

Products Other Than Beverage Alcohol Which May Be Sold at an On-Site Manufacturer Retail Store

The following non-liquor products may be sold at an on-site manufacturer retail store:

- Items used for storing, opening, carrying and serving beverage alcohol;
- Books, magazines and other media related to: (i) food and beverage and (ii) local history, art and tourism;
- Clothing and accessories which display the manufacturer’s branding;
- Locally-produced artisanal products:
 - “Locally-produced” means “produced in the Province of Ontario”
 - “Artisanal products” means “products produced in limited quantities using traditional methods”

- Dealcoholized wine and beer produced by the manufacturer;
- Tickets for public events taking place in the community;
- Gift cards and certificates for the purchase of the manufacturer's goods and services.

The manufacturer must ensure that:

- It does not offer for sale any products that promote immoderate or high-risk consumption of alcohol or specifically target people under the legal drinking age; and
- the amount of non-liquor products made available for sale at any one time does not constitute a substantial amount of all products made available for sale in the store.

Mandatory Server Training for Distillery Retail Store Staff

Distillery retail staff involved in the sale, service and/or sampling of alcohol are required to complete a server training course approved by the AGCO Board. The server training course that has been approved by the AGCO Board for these purposes is Smart Serve[®].

Hours of Operation

DAILY HOURS OF OPERATION

Hours of Operation are restricted to Monday to Sunday — 9:00 a.m. to 11:00 p.m.

RETAIL SALE ON HOLIDAYS

For retail stores that may sell alcohol and are permitted to open on a holiday under laws applicable to their business, including the *Retail Business Holidays Act* (RBHA) and municipal retail holiday by-laws, the permissible hours of sale of alcohol are as listed above.

Please note that the RBHA does not fall under the AGCO's authority.

Questions about the RBHA may be directed to the Ministry of Government and Consumer Services. More information about the RBHA can be found on the [Ontario.ca](https://www.ontario.ca) website.

Criteria and Requirements for an On-Site Distillery Retail Store

- The applicant must be a distillery with a valid Manufacturer's Licence - Distillery issued by the Registrar;
- The applicant must apply to the Registrar for an On-Site Distillery Retail Store Authorization, together with submission of the the necessary supporting documentation;
- An on-site distillery retail store must be located on the same parcel of land as an applicant's production site, as approved by the Registrar;
- Any spirits and/or spirit products which are sold in the distillery retail store must be brands which are owned by the manufacturer that holds the On-Site Distillery Retail Store Authorizatou;
- The manufacturer must make at the production site from start to finish, a minimum of fifty percent (50%) of the volume of spirits and/or spirit products to be sold in the distillery retail store located at that production site on an annual basis (*please refer to page 8 for the required steps, start to finish, for each type of spirit/spirit product*). The remaining fifty percent (50%) of the volume of spirits and/or spirit products to be sold in the distillery retail store located at that production site must be distilled, blended, aged or bottled by the manufacturer at that production site;
- The applicant is eligible to apply for authorization to operate more than one distillery retail store, provided that each store is located at a production site of the manufacturer and the spirits to be sold at that store comply with the required

manufacturing steps (*please refer to page 8 for the required steps, start to finish, for each type of spirit/spirit product*);

- To be considered a production site of the manufacturer, the applicant must possess substantial ownership and control over the production site. Where the production site is owned and controlled by more than one licensed manufacturer, the applicant must demonstrate to the Registrar that it meets this requirement;
- Where more than one retail store is located at the same production site, each licensed manufacturer must own and operate their own retail store and the store must be readily distinguishable from any other authorized retail store located at the same production site;

Please note that the application process also includes a site inspection of the constructed retail store by the AGCO to confirm that all eligibility criteria and requirements have been met.

Please note that it is the responsibility of the holder of the retail store authorization to ensure that it complies with all federal, provincial and municipal laws including municipal zoning by-laws/requirements.

Please note that no sales may occur from the new location until the authorization is issued.

Criteria and Requirements for the Relocation of an On-Site Distillery Retail Store

APPLICATIONS TO RELOCATE AN ON-SITE DISTILLERY RETAIL STORE

An on-site distillery retail store cannot be relocated without prior authorization from the Registrar. It must be located at a production site of the holder of the on-site retail store authorization.

A distillery may apply to the Registrar for authorization to relocate its on-site retail store where:

- The distillery wishes to relocate both its production site and the on-site store; or
- The distillery wishes to relocate its on-site store to another part of the production site.

CONDITIONS OF THE NEW ON-SITE RETAIL STORE AUTHORIZATION

- If the proposed relocation is approved by the Registrar, a new on-site Distillery Retail Store Authorization will be issued to the applicant, showing the new store location, but subject to the same conditions contained in the original On-Site Retail Store Authorization.

REQUIREMENTS FOR RELOCATION OF ON-SITE DISTILLERY RETAIL STORES

- The applicant must be a distillery with a valid Manufacturer's Licence - Distillery issued by the Registrar and a valid On-Site Distillery Retail Store Authorization for the store which is proposed to be relocated;
- The applicant must apply to the Registrar for the relocation of its on-site distillery retail store together with submission of the necessary supporting documentation;
- Where, in the opinion of the Registrar, there are extenuating circumstances, a manufacturer that proposes to relocate its retail store may be permitted to sell its spirits and/or spirit products concurrently from the retail store at its original location (which it proposes to close) and the retail store at its new location for a period of up to seven (7) days to facilitate the transition of equipment and inventory, provided that the manufacturer obtains prior approval;
- A relocation will only be approved if the on-site distillery retail store continues to be located on the same parcel of land as the manufacturer's production site and the spirits and/or spirit products to be sold there meet the requirements stated previously in this guide;
- After the relocation, the on-site distillery retail store must continue to operate in accordance with the conditions for the On-Site Distillery Retail Store Authorization.

Please note that the application process also includes a site inspection of the constructed retail store by the AGCO to confirm that all eligibility criteria and requirements have been met.

Please note that it is the responsibility of the holder of the retail store authorization to ensure that it complies with all federal, provincial and municipal laws including municipal zoning by-laws/requirements.

Please note that no sales may occur from the new location until the authorization is issued.

Required Manufacturing Steps from Start to Finish for Various Spirits and Spirit Products

	Grain or Juice Handling*	Fermenting*	Distilling*	Botanical Infusion*	Maturing*	Blending	Filtering*	Bottling
Vodka	✕	✕	✕	✕		✕	✕	✕
Whiskey	✕	✕	✕		✕	✕		✕
Rum	✕	✕	✕			✕	✕	✕
Gin	✕	✕	✕	✕		✕	✕	✕
Brandy	✕	✕	✕	✕		✕	✕	✕
Liqueurs	✕	✕	✕			✕	✕	✕
Spirit Cocktails	✕	✕	✕			✕	✕	✕
Spirit Coolers	✕	✕	✕	✕		✕	✕	✕

* Must be carried out at the production site if it is a necessary step in making the products to be sold at the on-site distillery retail store.