

**Notice of Permanent Rules for Chapter 314-07 WAC How to Apply for a Liquor License**

**This explanatory statement concerns the** **Washington State Liquor Control Board’s adoption of rules in Chapter 314-07 WAC How to Apply for a Liquor License**

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 June 20, 2015).

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.

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**What are the agency’s reasons for adopting this rule?**

As part of the Liquor Control Board’s on-going rules review process, rules regarding how to apply for a liquor license are being reviewed for relevance, clarity, and accuracy.

**Summary of all public comments received on this rule proposal.**

Three comments were received at the Public Hearing held May 6, 2015, at 3000 Pacific Ave SE, Olympia, WA. One written comment was received.

**Stakeholder comments:** No major concerns. Support the temporary license clarification. Need clarification on “pattern of disregard for laws and rules”.

**LCB response:** A “pattern of disregard for laws and rules” would be determined by criminal history and violation history. Further clarification of “pattern of disregard for laws and rules” can be added in a future rulemaking.

**Stakeholder comments: WAC 314-07-035 What persons or entities have to qualify for a liquor license?** We have great concerns about the changes requiring spouses of corporate officers and stockholders of a corporation to have background checks. Neighboring states do not include spouses in the definition of “true party of interest”. We are also concerned this could greatly increase application processing times.

**LCB response:** LCB currently qualifies spouses on all other entity types except corporations. This change will create consistency in our application process for all entity types. Qualifying spouses of corporate officers and stockholders of a corporation will not increase the application processing time. This change will also close a loophole in the current system. There are instances where a husband and wife apply for a liquor license as a sole proprietor where background checks are done on both. One has a criminal history that disqualifies them from holding a liquor license. The spouse that cleared the background check forms a corporation and amends the application to a corporation instead of a sole proprietorship. The board then has to impose a restriction on the license that the spouse can have not involvement in the business. It is difficult to ensure the restriction is followed.

Application processing time will not be affected. This requirement will apply to all applications received after the effective date of the rule. We will not go back and obtain personal/criminal history statements on current licensees unless they submit a new application for a license.

**Stakeholder comments: WAC 314-07-045 What liquor law or rule violation history might prevent a liquor licensee from receiving or keeping a liquor license?** Verbal warnings should be removed from the list of actions that can demonstrate a pattern of disregard for liquor laws and rules.

**LCB response:** All liquor violations and warnings show a disregard for liquor laws and rules.