



Washington State Liquor and Cannabis Board

To: David Postman, Board Chair
Ollie Garrett, Board Member
Russ Hauge, Board Member

From: Kathy Hoffman, Policy and Rules Manager

Date: December 8, 2021

Copy: Rick Garza, Agency Director
Toni Hood, Deputy Director
Justin Nordhorn, Policy and External Affairs Director
Becky Smith, Licensing and Regulation Director
Chandra Brady, Director of Enforcement and Education

Subject: Request for approval to rescind Board Interim Policy (BIP) 04-2012 regarding relocation of former state liquor stores.

On September 1, 2012, the Board approved an interim policy that “outlined the principles by which the Board will evaluate requests for title holders of former state liquor store locations.”

Part of Initiative Measure 1183 (Chapter 2, Laws of 2012, §102), codified in RCW 66.24.620(4)(c) required the LCB to “...sell by auction open to the public the right at each state-owned store location of a spirits retail license to operate a liquor store upon the premise.” RCW 66.24.620(4)(c) further provides that, “Holding the rights does not require the holder of the right to operate a liquor licensed business or apply for a liquor license.” The WSLCB interprets these provisions to mean that a title owner, or the holder of the right to operate a liquor licensed business, is not obligated to operate a business, and therefore, not obligated to seek an agreement with the landlord of the former state liquor store.

Various factors may prevent agreement between a landlord and prospective licensee, including non-compete agreements from other tenants, commercial terms within the lease, and inconsistencies between a lessee’s business model and the size or location of the landlord’s property. RCW 66.24.620 does not authorize the WSLCB to require a landlord or prospective lessee to engage in business together.

Based on this analysis, the WSLCB found that location alternatives are necessary because there are variables that may prevent a title owner from establishing a business at the exact location of the former state liquor store.

During implementation of RCW 66.24.620, the WSLCB auctioned the rights associated with 167 state-owned liquor stores. The WSLCB informed bidders that property rights were not part of the auction and that leases, if desired, would have to be negotiated between the auction winner and landlord. Bidders were informed that they would have four specific options:

- Exercise their right at the existing location;
- Request approval of an alternate location;
- Sell or transfer their right to another individual/entity; or
- Do nothing.

Additionally, BIP 04-2012 provided a list of criteria to assist with evaluation of requests for former state liquor store relocation. Agency staff have indicated that this BIP is still regularly used, and should be converted to rule. Until rulemaking is opened to complete that work, staff recommend that this BIP rescinded and converted to Policy Statement PS21-07.

If the Board approves rescission of BIP 04-2012, the agency will file Policy Statement PS21-07 with the Code Reviser, the agency will send notice to stakeholders, and remove the BIP from the LCB website.

The Board approves/disapproves the rescission of BIP 04-2012.

_____ Approve	_____ Disapprove	_____	_____
		David Postman, Chair	Date

_____ Approve	_____ Disapprove	_____	_____
		Ollie Garrett, Board Member	Date

_____ Approve	_____ Disapprove	_____	_____
		Russ Hauge, Board Member	Date